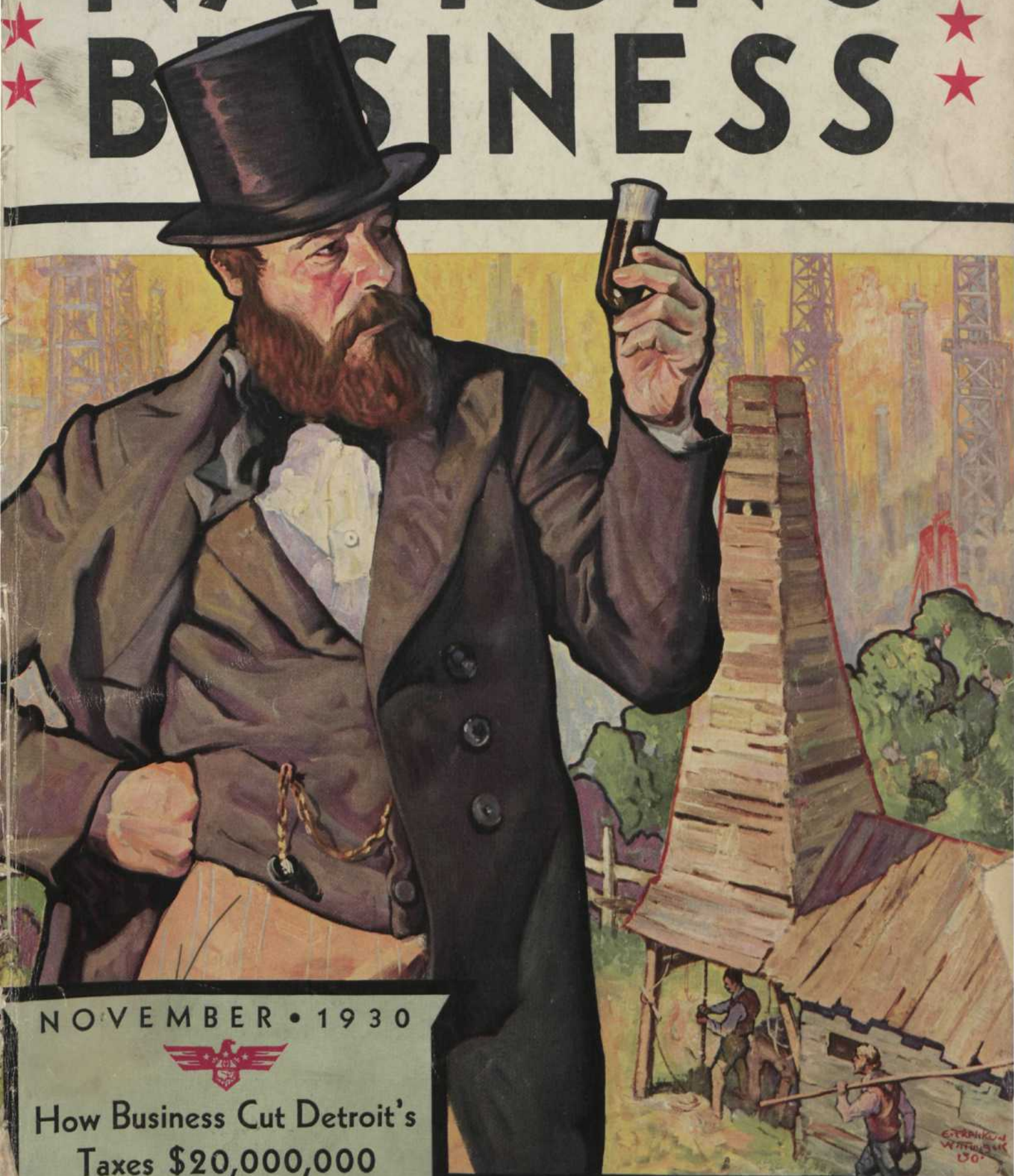


NATION'S BUSINESS

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NOVEMBER • 1930



How Business Cut Detroit's
Taxes \$20,000,000

COVER • The Pioneer Oil Man • See Page 6

MORE THAN 320,000 CIRCULATION

"I am
ARC WELDING—
I will make every ounce
of material count"



EVERY OUNCE of
material may be

utilized to the fullest extent when arc welding is employed. The electric arc fuses member into member, thus eliminating every piece that does not directly contribute to the strength and rigidity of the finished product.

Arc welding places no limitation upon design. With this modern fabricating process, members can be placed where they will serve most efficiently. Thus arc-welded products possess the full strength and rigidity of one-piece steel construction with the least weight.

The services of the sponsors of arc welding are available to manufacturers who want to make every ounce of material count.

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my sponsors are

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NORTHWESTERN MFG. COMPANY
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Cleveland, Ohio

LINCOLN ELECTRIC COMPANY
Cleveland, Ohio

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MY PLATFORM IS STEEL • MY CREED IS PROGRESS

Western Market

12 Million People



— served most economically from Los Angeles County

There is a distinct freight advantage in serving the Western Market of 12,000,000 population from Los Angeles County... its largest metropolitan center.

Zone A —Population 3,982,582... Local market immediately tributary to and including Los Angeles County.

Zone B —Population 3,002,753... Local market.

Zone C —Population 2,239,483... Parity in freight rates enjoyed by Los Angeles County.

Zone D —Population 2,598,129... Served from Los Angeles Harbor by regular steamship transportation, at low freight rates.

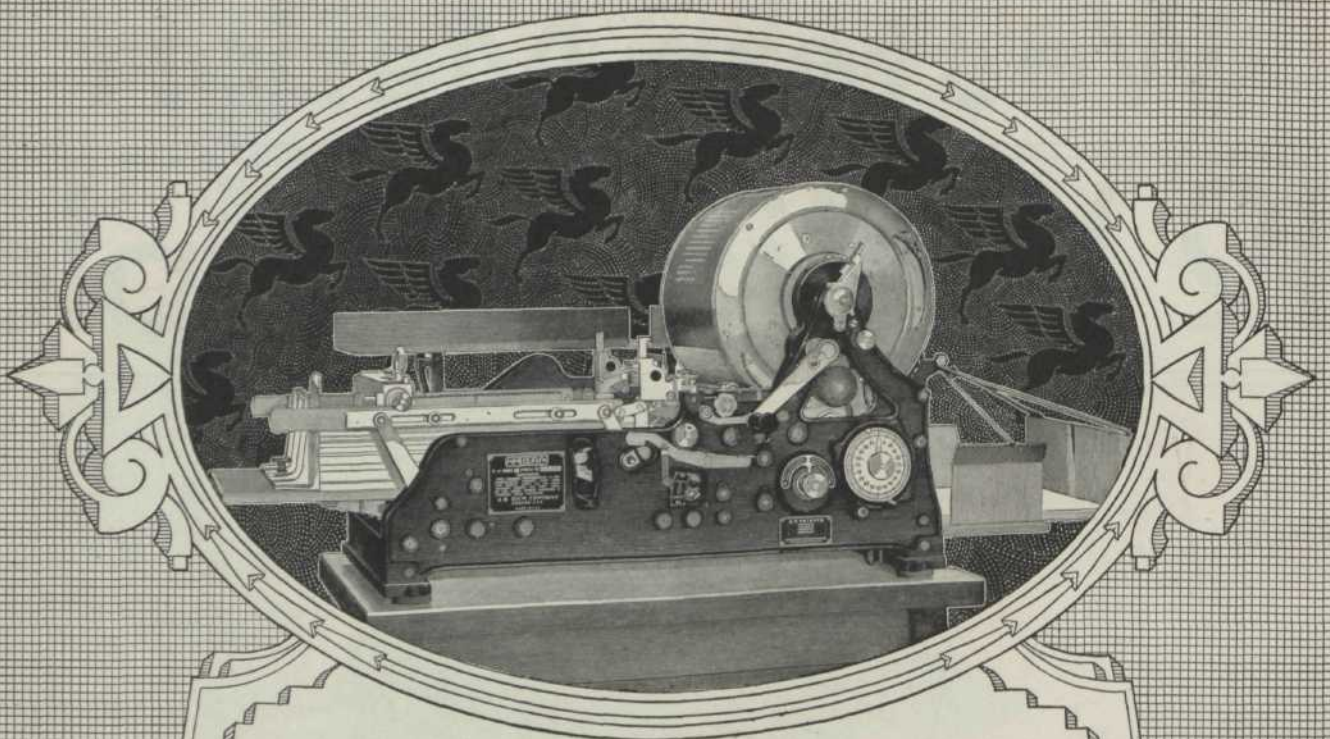
Truck haul delivery is made direct by manufacturers in Los Angeles County to three-fourths of the 4,000,000 people in Zone A... at a freight rate advantage so large as to more than offset slight rate differentials via water route to Zone D.

It will be obvious to the manufacturer who wishes to serve the entire Western Market that he can do so at a great saving by locating his plant in Los Angeles County.

Industrial LOS ANGELES COUNTY

POPULATION 2,199,657

Manufacturing Executives Are Invited to Write to the Industrial Department, Los Angeles Chamber of Commerce, for Detailed Information Regarding this Great Western Market



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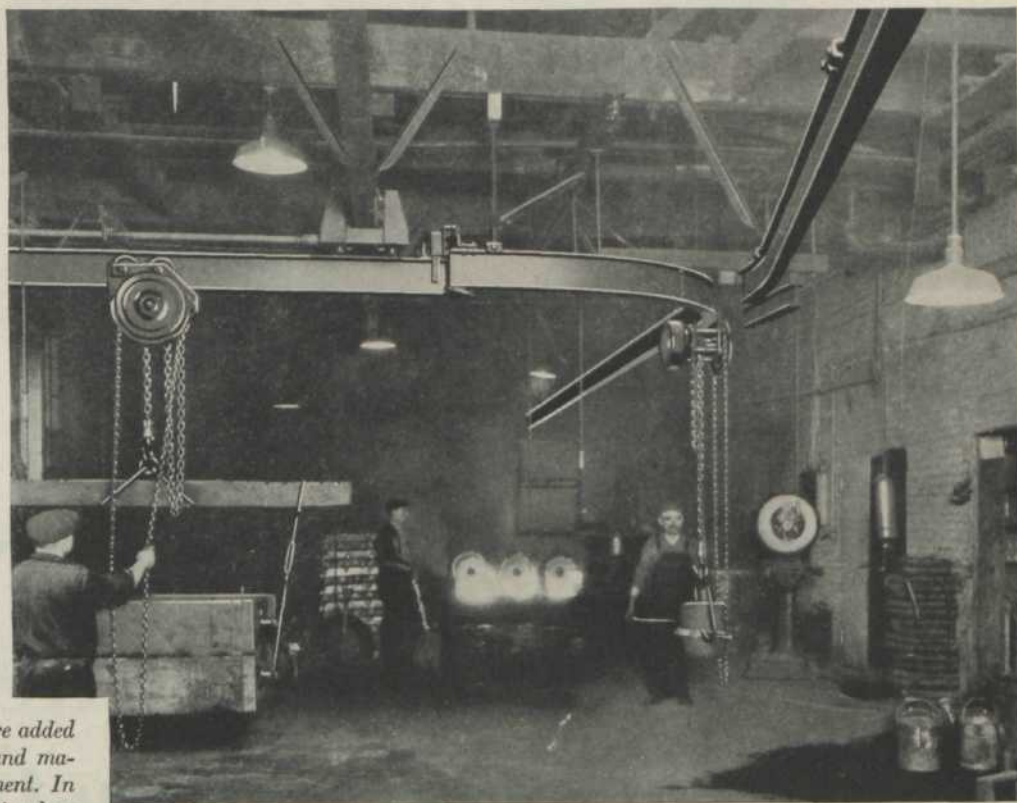
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years
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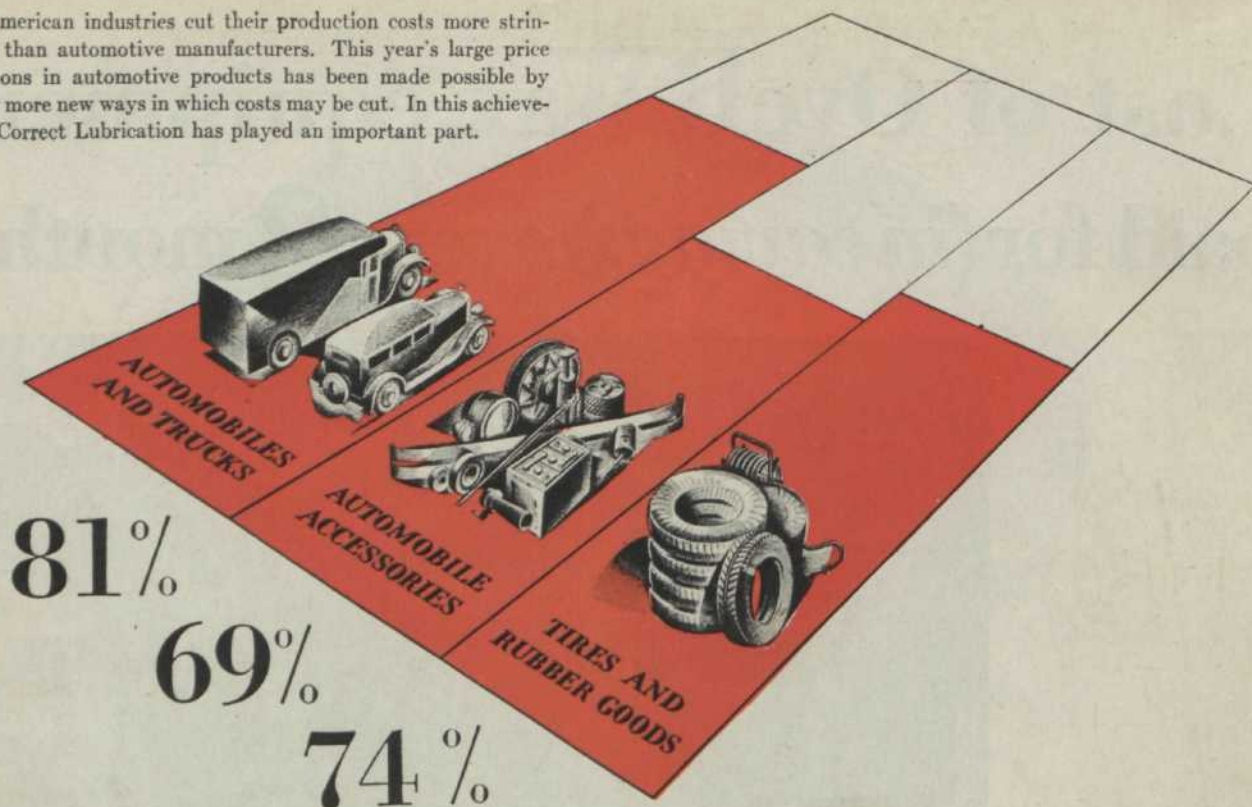
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(List compiled by a prominent statistical organization.)

It is highly significant that an overwhelming majority of the most successful automotive companies use Gargoyle lubricants and Vacuum engineering service.

The reason is evident. Records signed by plant engineers, from the thousands of plants we serve throughout the world, show that Correct Lubrication cuts costs. It reduces time losses, shut-down and repair expense, maintenance and depreciation charges, labor costs for oiling, losses by imperfect manufacture, as well as many other needless charges special to each type of plant.

Today industrial leaders in all industries are leaving no stone unturned to decrease production costs. A Vacuum specialist in Correct Lubrication can help you discover new economies in your plant.

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NATION'S BUSINESS for November

VOLUME 18



NUMBER 12

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As the official magazine of the National Chamber this publication carries authoritative notices and articles in regard to the activities of the Chamber; in all other respects the Chamber cannot be responsible for the contents thereof or for the opinions of writers.

SUBSCRIPTION RATES: Three years, \$7.50; one year, \$3.00. Please notify us promptly of change of address—Nation's Business, Washington, D. C.



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WHEN MINUTES COUNT

Irving Service Saves \$8,000

DURING the busy days of last November the Irving received instructions from a correspondent bank many miles away to deliver certain bonds to a transfer agent for conversion into common stock. The instructions were not received until the final day of the conversion privilege!

The Irving discovered that bondholders were given the optional right to redeem their bonds at 105 and, at existing prices, redemption of the bonds would bring the owner \$8,000 more than conversion into common stock.

Realizing that every minute counted, the Irving applied, successfully, to the company of issue for a time extension of one hour. Then, by long distance telephone, the correspondent bank was advised of the situation. This bank, in turn, notified its customer and — with only a few minutes to spare — new instructions were received; the bonds were redeemed and the customer saved \$8,000 . . . a result of Irving service.

OUT-OF-TOWN OFFICE

IRVING TRUST COMPANY

New York

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Next Month's Authors

"WHAT is a business man to do with a fortune of several million dollars when, having provided for all his dependents and met all his worldly obligations, he comes eventually to that passing on which ends his need of money and his power to direct its use?"

That question will never bother most of us but it is a real problem for men who face it. One of them has written for the December NATION'S BUSINESS an account of the difficulties of attempting a sensible disposal of his property after his death. He points out that the rest of us face certain unexpected dangers if he doesn't do a good job.

Burton K. Wheeler, United States Senator from Montana, has just returned from Russia where he studied present conditions as compared to conditions he found on his visit there seven years ago. This comparison shows several significant changes which he describes and interprets in an informative article, "Russia's Trend Toward Individualism."

THIS MONTH'S COVER

Painted by E. Franklin Wittmack

THE world knew petroleum—a black, ugly substance that oozed from the ground or up through the beds of creeks, to be sopped up in blankets and bottled as medicine or smeared on the bearings of cumbersome machinery.

But a few men had a broader vision. They believed they could bore deeply into the ground and bring up oil in quantities. The world scoffed.

But the pioneers persevered. They matched their ingenuity against new problems. Water drowned out their simple boring tools. They sank a pipe into the hole, to hold back the flood. Every day they sank their bits a little deeper.

Then they were rewarded. Petroleum flowed up through their pipe. They had oil in quantities and after them came a horde of inventors, chemists, physicists, building great new industries on the foundation of their discovery.

These pioneer oil men gave the world a new source of mobile power, the means to lubricate the high-speed machinery of hurrying production. They provided work for millions of men in oil fields, in motor factories, on miles of good road. They added to human pleasure, human productiveness and human wealth. To them NATION'S BUSINESS dedicates this cover.

WANTED: SAFE MEN for Dangerous Times

BUSINESS today needs, and needs desperately, executives with fresh minds and up-to-date equipment—men who are safe, not in the discarded sense of dodging decisions, but in the modern sense of *making* them and making them *right*.

During the next five very dangerous and exciting years, the new competition will make the fortunes of a lot of such men—and incidentally toss a lot of others on the scrap pile.

We are not in the least exaggerating this demand for trained executives. So badly are they needed that the key men of American business today have gone to extraordinary lengths in helping the Institute to train such executives. They have actually prepared for us a whole new Course, designed to meet the new conditions.

The authors of this new Course are men whose success belongs to the present—not the past. Their own success in the future depends in some degree upon their ability to find and develop capable assistants. That is why they have co-operated so enthusiastically with the Institute. Among them are:

Alfred P. Sloan, Jr., *President*, General Motors Corp.; Joseph P. Day, the real-estate wizard; Hon. Will H. Hays, *President*, Motion Picture Producers and Distributors of America, formerly U. S. Postmaster General; Bruce Barton, Chairman of the Board, Batten, Barton, Durstine & Osborn; John T. Madden, *Dean*, School of Commerce, Accounts and Finance, New York University; Dr. Julius Klein, *The Assistant Secretary*, U. S. Department of Commerce; George Baldwin, *Vice-President*, General Electric Company; Hubert T. Parson, *President*, F. W. Woolworth Company; David Sarnoff, *President*, Radio Corporation



of America; F. Edson White, *President*, Armour & Company; and Dexter S. Kimball, *Dean*, College of Engineering, Cornell University.

In preparing the new Course and Service we have drawn, without regard to cost, on the time and interest of these outstanding business statesmen. It is new, challenging, utterly un-academic, vibrant with the energy of men whose names are magic in the councils of modern business. So new is it that the latter sections are not yet off the presses, although the work of assembling and editing is now complete.

We have prepared a new booklet which describes this new Course and Service. It is entitled "What an Executive Should Know." It is for men of serious purpose only. It will take about an hour to read, and it is free. Frankly, it is difficult for us to understand how any man who intends to make himself independent in the next five years can afford *not* to read it.

You *must* equip yourself to deal with what lies ahead. Send for your copy of this booklet today. It will come to you by mail, without obligation.

ALEXANDER HAMILTON INSTITUTE

365 Astor Place, New York City. (In Canada address Alexander Hamilton Institute, Ltd., C. P. R. Building, Toronto.)

Send me without obligation the new booklet,
"What an Executive Should Know"

Name _____
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Business _____
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Type of _____
Business _____

Out of this depression will emerge new fortunes, new leaders . . . *You?*

SUPERVISED TIME CONTROL

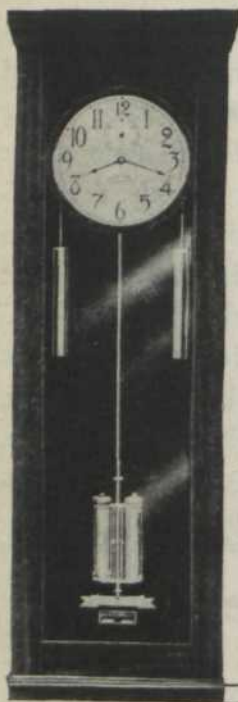
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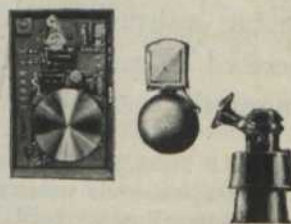
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TIME RECORDING



TIME INDICATING



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The Way to Resume

ANSWERING your query of even date:
When are we coming out of it?
We shall come out of the depression by the same route that we went into it.

The nation is a composite individual. If we could find the typical American and analyze his mental attitudes, we could get at the mood and temper of the nation. What was this frame of mind a year ago, when depression set in?

The individual repeated rumors, and talked himself into depression, the dictionary definition of which is gloom, dejection, discouragement—all mental qualities, you will please note.

Psychologists, as an experiment, once put a healthy bank clerk in the hospital in three days by suggestion. When the clerk was first told that he "looked bad, that he needed a rest," he boomed out, "Never felt better in my life." But repeated suggestion finally got him.

The reverse is true. Just as you can talk a man into bed, you can talk him out of bed, if he is organically sound. Once, when the Government issued a fraud order against a gentleman who was advertising cures by absent mental treatment, 500 men and women voluntarily testified that "he cured me, bed-ridden for years."

Suggestion of calamity sent business to the hospital. It was almost entirely mental. No cancer of overproduction. Pile up in the public square all the things said to be overproduced—automobiles, carpet-sweepers, homes, foods—and I will agree to bring to that pile a thousand men and women for each article, who want and are eager to work and exchange their labor and services for the things of necessity, convenience and luxury in that pile. A thousand to one!

But Fear spoke. Too many things. No money to buy. Desire gone overnight. Be careful. Don't lose what you've got. A cyclone coming. Run for the cellar!

American Salesmanship caved in. It repeated the old formulas, went through the old routine, and without heart. The salesman turned tail and ran at the first objection. Every reader knows this.

Nor were the sales managers entirely to blame. Many a proposed campaign to go out and lick underconsumption was sired by enthusiasm and careful study. But principals too often received such plans with a discouraging, "Can't take that up now. Let's see what is going to happen this next month." Gallons of cold water dampened the enthusiasm of selling and promotion. Discouragement was unconsciously passed down the line to the farthest salesman.

Executives instead boasted of their strategy in cutting inventories, thus adding to Selling's troubles; they tabled new models and new ideas alike. Fear gripped everyone, from big chief to humblest worker.

The vicious circle bred stagnation—no selling of things, no buying of things, no making of things.

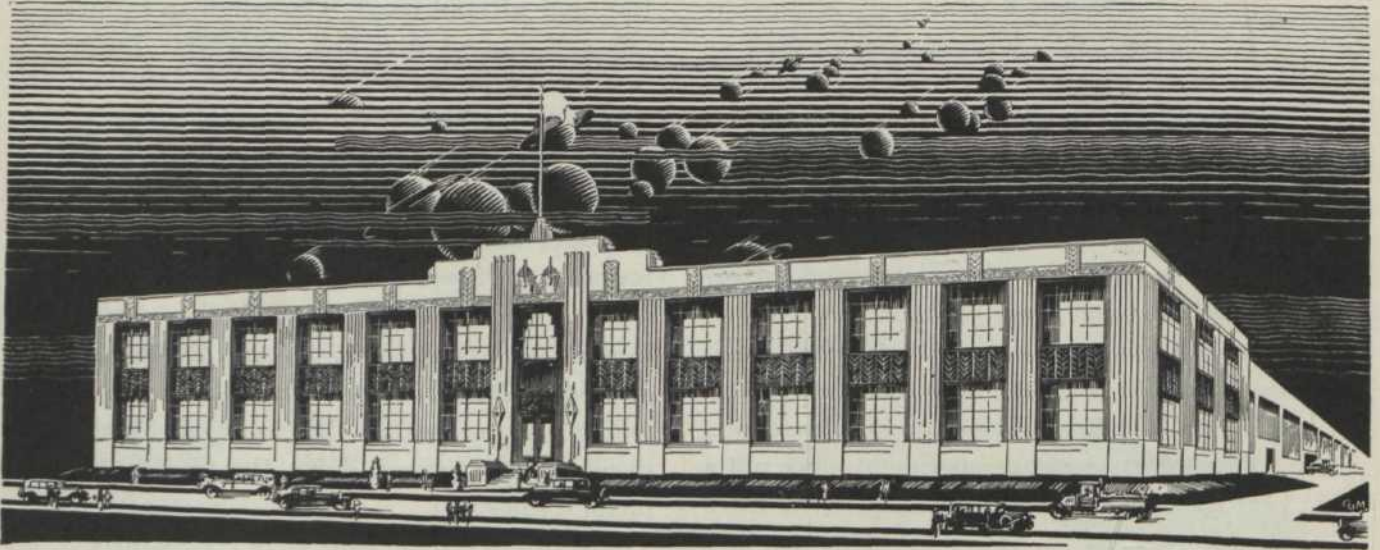
When we are fed up with inactivity we'll move out of the valley in the same fashion that we went into it. Some bright morning a number of individuals will hop out of bed on the right side. They will hear the birds singing and will see the eastern sky aglow. They will say to themselves that life is too short to waste any more of it like this. They will swing into action with old-time vigor, accept hazards as in other days, snapping their fingers at wise-aces and charts and curves and carloadings and head-shakings.

Then all of us will scramble and jostle to get into the van.

Business and human nature are just like that.

Merce Thorne

It's a BUYER'S MARKET in Building



Building dollars buy more today than any time since 1922, eight years ago. The present is a buyer's market in the building industry.

Industrial operators are taking this opportunity to combat the hidden costs of obsolescence. They are building new plant facilities that are designed and equipped for straight-line production. Distribution costs are being cut by new branch plants nearer to materials; new warehouses to serve shifted markets.

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NATION'S BUSINESS



Published at Washington by the Chamber of Commerce of the United States

MERLE THORPE, Editor

As the Business World Wags

THUS WE MAY SEE, QUOTH HE,
HOW THE WORLD WAGS—*As You Like It.*

Marching Straight Ahead



PRESIDENT HOOVER was soberly optimistic and not disturbed as to the future when he talked to the American Bankers' Association in Cleveland on October 2.

In that address, he recognized the depression as world-wide; he pointed out that when Cuba and China, Canada and Australia, India and Java suffer, then this country must suffer too.

But the radiant point of his talk was not in the picture of the evils that have fallen upon us, but in his insistence that those evils may be cured in this case and their recurrence in the future be prevented.

Mr. Hoover might have gone one step further and said that in coffee, in rubber, in sugar, in wheat, much of the world's troubles can be traced back to government effort to limit production and to fix prices and that in the repression of those efforts lies the promise of the future.

But—and this was the keynote of the president's speech and one worth reading again and again:

"I have always been, and I remain, an unquenchable believer in the resistless dynamic power of American enterprise. . . . We have known a thousand temporary setbacks, but the spirit of this people will never brook defeat."

Heading Off Business Sickness



IF A town is stricken with disease the first task is the cure of the sick and the prevention of the spread of the disease. When the peak has passed and the ill are recovering

there is an organized effort to find out the cause of the outbreak and prevent a recurrence. Typhoid is a familiar example. Once it was a menace to every community. Now the death rate from that cause has been tremendously reduced.

Business of late has been afflicted with a mild epi-

demio. There have been some fatalities. Most of the sufferers will recover, but in many cases the convalescence will be slow.

But when business recovers normal health will we take a step ahead and discover what caused it and take steps to remove those causes? We did learn something from the depression of '20 and '21. We learned that commodity speculation and excessive inventories were dangerous.

There were outcries against "hand-to-mouth" buying, but that same "hand-to-mouth" buying with the consequent low turnover has helped many an industry in the last year.

Organized business has a job ahead of it—to inquire into the causes of the depression of '29 and '30 and to do what it can to remove them.

What Makes Us Buy



FEW now think of the depression that began a year ago as a result of the stock-market crash.

The crash was a result—a symptom—of a depression that had been settling over all the world.

In this country at least there was a marked stoppage of buying, not because there were not means to buy, for a very large part of our people were untouched or little touched in their income, but because there was a fear of buying, fear lest some vague thing in the future should happen.

So we have seen a growth in savings deposits, an increase in life-insurance sales, higher prices for bonds. And we have seen also various proposed methods to stimulate business. Editorials and advertisements have been written urging the public to buy. Someone said that if every man and woman would spend \$1 more a week we should have prosperity. Out in Michigan a manufacturer sent to 25,000 men a lively letter which began:

"What do you say? Let's buy something."

A Californian gave each of his employees \$30 with the one proviso that the recipient go out and buy some-

thing, not pay old bills nor make a first instalment payment.

But there's small use in telling others to buy. What does bring money out of the pocketbook? Need and price. Only absolute penury keeps the hungry man from buying food or the woman from replacing a well-worn frock.

There are signs that buying is increasing. Men are finding that things must be replaced.

Price also is a stimulus to buying. The man who has been "getting along" with his old shoes for which he paid \$10 is more apt to buy if he sees a similar shoe at \$7.50. And there are signs, too, that prices are being made to fit emergency.

On these lines business grows.

A Platform for Organization



THE business world complains of a surfeit of organization. Business men are asked to join not only trade associations, but trade associations within trade associations; they see a hierarchy of chambers of commerce, a neighborhood chamber, a city chamber, a state chamber and a national chamber. Small wonder that the harassed head of an industry should ask himself: Are they all needful?

Out in Seattle, Thomas B. Hill, the manager of the Washington State Chamber, has tried to write a platform for his organization. In a letter to NATION'S BUSINESS he says:

1. A chamber of commerce should be a business organization, with a definite program to render definite service.
2. That a state chamber has a field for service that is not and cannot be covered by any other type of organization.
3. Because of its broad neutral character it is in a position to render a wide variety of service, which otherwise would call for a special organization.
4. Neither the state nor local chamber should undertake activities for which there are now special trade or civic organizations.
5. All business and civic organizations should coordinate and cooperate to the fullest extent, and that conflicts are due to maladministration and inefficiency.

And then he adds:

We are suggesting that a business man ask himself, when confronted by a problem calling for organization service, this question: "Am I not now supporting an organization that can do this job?"

To this pointed question we would add another:

In these days when my business has been fighting to keep its head above water have my association and my chamber been a help to me?

The organization that can't answer "yes" to that question might well consider a mending of its ways.

A Look Ahead at Carloadings



ESTIMATES of carloadings for the last quarter of 1930 were put on October 1 at 7,655,792, a drop of 600,120 cars from the actual loadings of the last quarter of 1929. This is a drop of 7.3 per cent with the largest losses expected in cotton, ores, lumber, machinery, brick and clay, agricultural implements and automobiles.

Last year in making the estimates for the last quar-

ter of the year the shippers' regional boards estimated car loadings at 9,134,023 and were more than 9 per cent too high. This year perhaps they have been too conservative.

The World's Steel Output



GREAT BRITAIN, disturbed over the state of its steel industry, asked J. Leonard Replogle, who was "steel administrator" for this country during the war, to suggest means for its regeneration.

Mr. Replogle's suggestions are drastic and far-reaching, too drastic and too far-reaching perhaps to be possible of adoption. For one thing he would scrap practically all English blast furnaces.

Of great interest are the figures which accompany Mr. Replogle's report and which show the changes in the world's steel production. In 1913 the world turned out 75,000,000 tons of steel, in 1928 the output was 107,000,000 tons.

In the first year the share of the United States was 31,000,000 tons or 42 per cent; in 1928 it was 51,000,000 tons or 48 per cent.

France and Belgium have gained at Germany's expense. In 1913 they turned out 7,000,000 tons or 9 per cent; in 1928 they had an output of 15,500,000 tons, or 14.5 per cent.

Japan's growth in steel production is interesting. In 1913 she produced 300,000 tons; in 1928 her output was 1,680,000. Not much measured by the figures of the United States, but startling when we consider the growth of the industry.

Hard-Hearted Business Men



BUSINESS is selfish, hard-hearted, remorseless! How often have we heard that cry?

Well, here's an extract from a letter which came the other day to the United States Chamber of Commerce:

Please advise whether you are in position to put me in touch with information as to methods of taking care of old employees by a concern that is closing out its business.

The concern in question has a number of employees that have been with it a long time and are over fifty years old, thus making it unlikely that they will be able to obtain employment elsewhere. It is the idea of the concern either to buy some form of insurance that will give an annuity to the employees after the business closes out or set aside a fund so that they themselves can take care of the payments.

There's a hard-hearted, selfish, cold business for you!

And that isn't the only one. Just the other day a vice president of a great life insurance company said to us:

"A most interesting thing to me about this depression we have gone through is this: Practically none of the companies which were discussing with us group insurance, pension plans and other similar methods of bettering industrial relations, gave up their plans. Some delayed them a little, many went right ahead.

"That seems to me to indicate two things: first, that business as a whole didn't think that the slump was very serious or would be of very long duration; second, that the taking care of the worker is an essential part

of the plans of a well-managed corporation, that they are not charity, they are good business."

Only Backward Citizens



A RETAIL grocer raises a question in connection with the page editorial in the May issue, "The Sophistry of Taxation." He writes:

I find it very interesting, especially the last paragraph which should make everyone of us taxpayers stop and think. Yet we feel that there are going to be many plums passed out in the line of federal buildings and federal highways and we are afraid to stop striving for more expenditures within our own state for fear that the other fellow will get everything.

How human, and how selfish. Here is the expressed conviction of a taxpayer who will not look beyond the borders of his own state, who will not trust taxpayers of other communities. He must be greedy no matter what it costs because some one else might beat him at his own avarice. Here is a golden text for taxation philosophers. Get what you can out of Uncle Sam because he is Santa Claus in disguise.

Can we consistently blame legislators for enacting foolish laws, setting up needless bureaus and forcing taxes higher while citizens hold such views? Are our legislators not at times too truly representative?

Perhaps we have no backward states, but only backward citizens.

The Average American



FROM Fort Madison, Iowa, comes word that the man selected nearly three years ago as the nation's "average man" is weary of his unsought fame. Too much publicity.

Too many interviewers. Too many photographers. Too many strangers hankering to meet the "average American." Like as not, it was impossible for Mr. Gray to escape the revealing stroke of fate. The averages seem to have been stacked against him. He lived in an average house on an average street, had an average-sized family, and drove an average-priced automobile. Yet it is plain to Fort Madison's citizens that this averageness of averages is decisively qualified with a remarkable irregularity. The "average American" has steadfastly refused to lend his name to the advertising of merchandise—a testimonial in itself to a rather distinctive individualism.

Who Shall Set the Price?



WHO shall make the selling price, the manufacturer who may be presumed to know the costs of production and to be able to determine what profit should be added to

that, or the distributor who may be presumed to know what the public will pay?

An advertisement in the *New York Times* prompts the question. Macy's, alert merchandisers, are selling Sheaffer's pens, a product widely advertised to resell at a fixed sum, at marked reductions.



He simply can't enjoy fishing for thinking about the big one that got away

Macy's advertisement is interesting. It says in part:

The Sheaffer Pen Company believes in the right of the manufacturer to dictate retail prices. This is where Macy policy and Sheaffer belief conflict. Were Macy policy to submit to the Sheaffer point of view, it would mean bigger profits to Macy's but higher prices to you. Therefore, despite the fact that the Sheaffer Pen Co. has tried to prevent our securing their product, we have bought their pens and will continue to sell them for 6 per cent less.

The Sheaffer Pens are exceedingly good pens. Our customers want them and ask for them. That's our reason for selling them—so you will continue to find them here at the savings we promise.

Is Macy's conduct good business or bad? Has Sheaffer any remedy? Certainly the maker can refuse to sell them but there are ways around such refusal. The problems are pressing upon many retailers and many manufacturers.

Let's hope that the remedy is not in more laws.

Our Standard of Living



THE VIALS of wrath have been poured upon the head of John W. Barton, president of the Metropolitan National Bank of Minneapolis and of the National Bank

Division of the American Bankers Association. Mr. Barton had the temerity to raise the question whether tariff and restricted immigration would be effective in maintaining the present American standard of living. Newspapers leaped upon him charging that he had said that our standard of living was too high. Here's his exact language:

I am very much inclined to the opinion that our standard of living is too high. In this age of fast and efficient methods of transportation and communication, all nations are too near to-

gether to successfully maintain for any appreciable length of time any material difference in the standards of living.

Our tariff wall and immigration policy is a masterly effort to maintain our high standard of living against the rest of the world, and I think we are wrong on both. We are producing a large surplus of agricultural products and manufactured articles of all kinds from an abundance of raw materials, and if we do not buy, we cannot expect to sell. If our tariff wall tends to reduce our foreign trade, as I think it will, then we need more people to consume our surplus. Yet, we further restrict immigration and at the same time continue to reclaim arid lands at an enormous expenditure of capital annually.

Easy to misconstrue into a declaration that our standard of living must come down, but certainly Mr. Barton had the courage to raise some questions which must seriously concern our business men.

Clothes and the Farmer



NOTHING escapes the Department of Agriculture. It concerns itself not only with crops and how to raise them but with life and how to live it.

Just recently, according to the *Washington Star*, Miss Ruth O'Brien, textile expert of its Bureau of Home Economics, told men how to dress.

"Off with coats and collars and ties! Unbutton the shirt at the neck! Cut off trousers legs and shirt sleeves! Sandals instead of shoes!"

But what of that gospel of farm relief with which the Department is so concerned. The farmer we are told needs wider markets. But what becomes of the cotton grower if we cut off our shirt sleeves? Of the cattle grower if we use less leather for shoes? Of the sheep raiser when man goes without trouser legs?

The Business State of Mind



THE state of mind of much of American business is well illustrated by a story Senator George H. Moses of New Hampshire tells:

"There used to be," says the Senator, "an old farmer up in Coos County in my state. Along in the Spring he'd look up at the snow-clad top of Mt. Washington and say:

"'Well, we ain't goin' to git no good weather till the snow on Mt. Washington melts and what's more the snow on Mt. Washington ain't a-goin' to melt till we git some good weather neither.'"

A vicious circle of thinking in which many men are indulging. Business isn't going to pick up until the public starts buying and the public isn't going to start buying until business picks up. The truth is that with the coming of fall, of cooler weather, the lessening of the fear of the results of the drought, the growing need for purchases too long put off, business will feel the impetus and we shall climb up the hill of prosperity, steadily and surely, if not as rapidly as we slid down.

To Whom Shall We Write?



SHOULD business mail be addressed to the company or should it be addressed to an individual? The question may seem trivial but it has been asked a thousand times

by a thousand business houses. The head of a Pacific Coast Company dealing in tea, coffee and rice asks the

views of the United States Chamber of Commerce. He's for letters to the company, explaining:

"While it is not a matter of grave importance, at the same time it does occasionally result in delays in putting communications through the proper channels of correspondence."

On the other side the argument is that men like to deal with an individual, not a machine. How many times do you wait in a shop that a particular salesman may wait on you?

In answering the letter, the Secretary of the National Chamber wrote:

Since the inception of the National Chamber in 1912 we have of course been dealing through correspondence with a great many business concerns in all parts of the United States. Those desiring that correspondence be addressed direct to the concern, and those desiring that correspondence be addressed to a particular person are about evenly divided. I think probably our experience is a fairly good barometer because of the fact that we have forty thousand names on our mailing list, and these specifically direct how mail should be addressed.

What is your own experience?

Paying the Jobless



THE Peoples Lobby met the other day in East Tenth Street, New York, and agreed to stage a demonstration in Washington on December 1 to cudgel Congress into

passing a \$250,000,000 unemployment program.

A project that should make every politician's eye gleam. Think of the bureau that would have to be built up to administer that fund; think of the chiefs and the bureau chiefs and the division and the superintendents and the clerks and the secretaries and stenographers and the typists. And think, too, if you will, of Great Britain and Germany—really distressed countries—and their dole funds which face bankruptcy.

The Case Against the Consent Decree



PRESENTATION of economic rather than legal reasons for altering a court decree may be one of the "new trends" in the business world. It is forming the basis of the

efforts now being made by two of the large meat packers to have the packers' consent decree modified.

The petitioners are asking the court to restore their right to engage in the retail food business, to widen their lines so that they may handle food products other than meats, and produce, and to permit them to retain their interests in stockyards. Their contention is that of all the men in the United States who prepare meat for consumption, they are the only ones whose business hands are so tied.

Also, they point out that since the decree was signed, the chain stores have increased, and that a number of them have gone into manufacturing certain of their lines, and that some are in the packing business, furnishing a menace to themselves, as they cannot enter the retail business. The consent decree was signed by the five large packers in February, 1920. One of the signers has since been absorbed, and of the four remaining, only the two larger are petitioning for modification, although the other two are in accord with the action.

When Prosperity Backfires

By O. H. CHENEY

Author of "The New Competition"

DECORATIONS BY LOUIS FANCHER

WHAT have we learned from the shock of 1929 which scared America out of a year's growth?

Sweet may be the uses of adversity, but the taste in the national mouth seems to be different. But surely we have learned something—don't we always learn from our mistakes?

When I went to school, I didn't know any boy who learned much arithmetic by writing out the word "cat" a hundred times. And I doubt whether any business man is going to learn much about plant or store efficiency by reading the word "carloadings" a hundred times.

Admiral Byrd, down at the South Pole when it happened, learned all that most business men have learned from the depression—that this is a cold world.

Investors had advice

I AM not concerned here with the investor. He has been well taken care of. He has been advised by everybody and now, undoubtedly, he knows exactly what he should have done. The man in the street was surprised and hurt. The man in Wall Street was not, of course, because he knows everything before it happens. Doesn't the stock market forecast the future of business?

I am concerned, primarily, with what the business man, big or little, manufacturer or distributor, has learned from these events about his own business.

Saddened as I am by the spectacle itself, I am more saddened at the thought that the business man may be sadder, but not wiser. The most important lesson we have learned is that we didn't know it was loaded.

I have not lost my faith in the American business man. There is the unmistakable record of American business—its



We are realizing that we don't know what to do about famine caused by job shortage



IT WAS Alexander Pope who said, "A little learning is a dangerous thing" but it was the American business man who proved it, in Mr. Cheney's opinion. He declares that the depression of 1929 resulted because we learned what to do in 1920 and did it too well. Some advice on what to do next

achievements need no ballyhoo, no flag-waving. But 1929 and 1930 were not achievements and whatever we may have achieved before or whatever we may achieve in the future is irrelevant. We are discussing a failure and it will do us no good to listen to kind words about the deceased.

Booms bring depressions

THE plain fact is that so far we have learned nothing which tells us what to do—now, before the next depression, or during the next depression.

The mere fact that 1929 and 1930 were what they were proves that. If we had learned anything of value from 1920, or from 1907, or any previous depression or panic we wouldn't have had this one.

I have said this before. Speaking to the National Retail Dry Goods Association at the beginning of 1926, before the comparatively mild recession of 1927, I advanced the belief that too much prosperity was the first big problem that business must face in 1926. I pointed out that we must be particularly careful about creating a fictitious prosperity

and warned them that the real cause of the crash of 1920 was the misuse of credit for speculative purposes resulting in the creation of fictitious values.

"Prosperity for 1926 is up to us," I said. "We shall all have it but we shall all have to work for it. There are still too many retailers whose work begins and ends behind the counter. They reason that business is good if customers come in and buy. Customers come in if they have the money—if they are employed and earning good wages. This kind of retailers' reasoning stops there. He forgets that his customers cannot earn money unless there is a demand for their services. And there you are. After all, the perfect symbol of business prosperity is the dog chasing its tail. It is up to

each of us to see that we do not tie a can to the dog's tail."

And tying a can to the dog's tail is exactly what we did in the fall of 1929. Perhaps it is inaccurate to say we learned nothing from 1920 and 1921. Perhaps the trouble is that we learned a lesson too thoroughly. After 1921, a large proportion of merchants learned hand-to-mouth buying. They were aided by various factors, such as railroad efficiency. They learned their lesson well and, after some discussion, were awarded blue ribbons and apples on sticks by the economists.

Right thing at the wrong time

WHEN the crash came in 1929, retailers, therefore, knew exactly what to do—their buying policy was even more hand-to-mouth. In fact, they hardly moved a hand and they kept their mouths shut. They did the right thing—but at the wrong time. To them goes much of the credit for making the valley in this year's chart as deep and as long as it is.

They, like the rest of us, knew too much about business. We knew that the stock market crash crippled many people but we didn't know how many. We knew that the stock market always anticipates general business. We knew that business was going to be bad and nobody could tell us otherwise.

Everybody played safe—so safe that there was immediate danger. Retailers stopped buying because they knew consumers would stop buying and practically every store was understocked and buyers had to take what they could find. The retailers complained of bad business and scared the manufacturers into slackening production and firing people. That made the bad business of the retailers come true.

But the blame must not be placed on the retailers. The reason for the continued depression during this past year is that the American business man outsmarted himself.

About the only difference between our actions this year and during previous depressions is that now we call them conservatism instead of fear.

Far more disturbing than Coxey's Army is the army of unemployed we have now. It is more disturbing because vaguely we are beginning to realize that we don't know how to apply the principles of Belgian relief or earthquake relief, flood relief or drought relief to depression relief. We know what to do about famine caused by crop shortage—we don't know the first thing about famine caused by job shortage. We don't even know the principles of depression relief, let alone the principles of depression prevention.

If we get at the causes, we'll know. But what are the causes? Clearly, the depression of 1930 was due to the fact that Mr. Hoover plays medicine ball instead of riding an electric horse. This could be proved to be just as reasonable as hundreds of other "causes" ascribed to 1930 or any previous bad year—or good year for that matter.

Mr. Hoover's medicine ball is just as valid a cause as the "uncertainty about the tariff," the Republican Party, or Mr. Hoover himself. We have had depressions before without any of these causes—and there are and have been depressions in countries with low tariffs and high tariffs (without uncertainty); countries with presidents, with dictators, with kings; countries with every kind of government from Fascist to Communist.

The comparisons of the economists (both lay and ordained) of the 1929-30 situation with those in previous years have been entertaining but not very enlightening. Generally, they have been designed to show how much better off we were in the spring of 1930 than ever before and how, because of fewer "unfavorable factors," we were fundamentally sounder and recovery would be quicker.

Of course, conditions are "different." The immediate causes are always apparently different. The real question is, "Are the causes of all business recessions fundamentally the same or are there a number of different causes which operate at different times? Are the causes of recessions real, actual, economic conditions and events, or are they psychological?"

The 1920 recession became visible with a sharp commodity price decline. The 1929 recession became visible with a sharp security price decline. We were told in 1920 and 1929 "before," that our prosperity was really sound because commodity prices were uninflated and stable—and what happened to commodity prices "after"?

What was the cause?

WAS "Wall Street" the cause or was "psychology" the cause?

Was the recession of 1930 caused by the crash in Wall Street or did the crash forecast the recession?

The drop in security prices in 1929 forecast the depression of 1930 just as much as it did the drought of 1930.

If the average "investor" will multiply his own ignorance of economics, business and finance by several millions, he will get a fair idea of what "Wall Street" really knows about these things. The fact is that a vast majority of the men in Wall Street know practically nothing about the economic forces at work at any time, and those outside know even less.

The quotations on the ticker tape do not and cannot represent the infinitely intricate interrelations between the multiplicity of



Any vulnerable point in a top-heavy structure will cause a collapse

business forces at work on each security and the company it represents. The nearest they ever come to it is in times of obvious prosperity or obvious depression when the general "average" is high or low; or, in the case of particular stocks, when the insiders are taking advantage of their position or a pool is creating an "artificial" price situation. How do we account for the way the ticker thumbed its nose in recent months at statements by Mr. Mellon and by the U. S. Steel Corporation?

Might have been cured painlessly

UNTIL the middle of last year, the stock market was a phenomenon unrelated to general business—both economically and psychologically. Business had been easing off, according to statistics discovered later, but no sudden decline was either necessary or inevitable. If there were dangerous elements in our prosperity (outside of security inflation), they could have been worked out slowly and almost painlessly as they had been worked out in 1924 and 1927 and before.

The most dangerous element was Wall Street—but Wall Street or not, there is a strong probability that there would have been a recession in general business anyway.

Any vulnerable point in a top-heavy structure will cause a collapse. In 1921, it was raw silk in Japan; in 1929, the stock market was vulnerable. Any one of half a dozen other things might have started the crash although, probably, it wouldn't have been a crash until it reached Wall Street.

Most underlying conditions in business were not nearly as bad in 1929 as in 1920. They could have gotten worse without anybody paying much attention to them. Wall Street forecast 1930 only to the degree that it made 1930—and only to the degree that a large number of people thought it would forecast or make 1930.

If it is true that the reasons why Wall Street affected general business so severely were mostly psychological, why didn't the psychological treatment administered right after the crash set business immediately recovering?

Because there seems to be a lot of human nature mixed up in psychology.

The mere fact that steps were taken at all was a little too obvious for the business man who prides himself on his smartness. The audience in a theater will naturally get a little suspicious if the orchestra starts playing the "Star-Spangled Banner" in the middle of a show and everybody is asked to keep calm as he walks out. Loud strains of the economic equivalent of the "Star-Spangled Banner" from Washington at least aroused the suspicion of already suspicious and nervous people.

So we come back to the doctor's old problem, "Shall I tell the patient how sick he is?"

When we've answered that one, we'll probably know more about the cure. Unfortunately, it is also true that only when we know more about the cure will we know how to answer that question. In recent months there has been a



The man in the street was surprised—the man in Wall Street was not—he knows everything

number of economists who believed, like some psychoanalysts, that the patient should be told the worst—even if it isn't so.

If the business man cannot control Wall Street—or even, it appears, himself—when it comes to a boom; and if we haven't learned the technique of steadying him in a crash what is there left?

Is it possible to prevent depressions? Again we return to the question, "Is the business cycle inevitable?" In economic dreamland, the way to prevent depressions would be to have accurate continuous knowledge of business conditions and have a perfect policy of action for any kind of condition—and have some all-wise, all-powerful somebody who could make business behave exactly as it should. (Parenthetically, across the ocean Russia and Italy are having depressions.)

Coming back to this world and our country, suppose Mr. Hoover knew exactly what business men should do, is there any way of making them do it? Under present laws and under the principles of our Government and our whole atmosphere of economic freedom there is not. What can stem a depression when it becomes a case of everybody scrambling for the lifeboats?

Depression of avarice

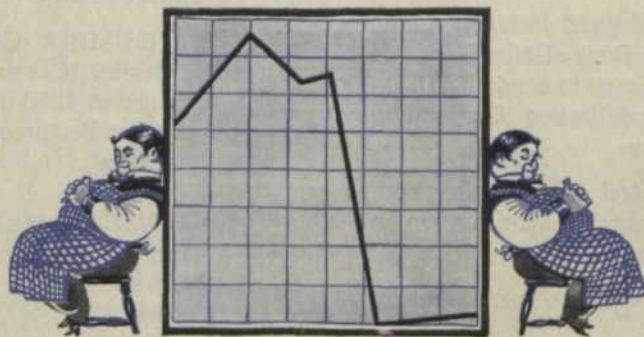
WHY should any individual business man not be cautious in the face of depression—cut buying orders, cut production, lay off people, cut salaries, reduce advertising?

Isn't that his first duty to himself and to his stockholders? And hasn't he been accused in the past of overbuying and extravagance? What good would it be to sacrifice himself and his business? Would it make any real difference to the well-being of the community if he did? And, anyway, why not let the other fellow do it?

Who is to answer these questions?

What, then, is left? Education? You can't teach a drown-

(Continued on page 162)



Much of the credit for the valley in this year's chart goes to the retailers

SINCE LAST WE MET ★

SEPTEMBER

- 9 • STANDARD Oil of Indiana plans to sell tires and perhaps handle telegrams at its gas stations.

- 10 • MICHELIN permanently closes American tire plant. Blames evil merchandising methods.

TREASURY issue at $2\frac{3}{8}$ per cent. Overbid nearly 4 times.

- 11 • AMERICAN Bankers Association studies 150 balance sheets and finds inventories 7 per cent lower than a year ago.

I. T. & T. net income for first six months \$6,800,000 compared with \$7,800,000 for first six months of 1929. Gross earnings increased.

- 13 • AUGUST cotton consumption less by 26,000 bales than July's but exports went up 187,000.

A. & P. reports a marked growth in public buying in August supplementing Woolworth's assertion that an upturn began in the week ended August 16.

STANDARD Oil of New Jersey announces its plant for oil hydrogenation is working but products are not yet on the market. Does not alter present refining but utilizes noncommercial residues.

- 14 • BANK syndicate formed including Chase and National City Bank of New York and Continental of Chicago to handle \$30,000,000 of Grain Stabilization Corporation paper.

STRUCTURAL Steel prices in New York area go up 6 per cent. Thought to mean an increase in building.

JULY automobile exports 62 per cent under those of 1929.

EMPLOYMENT for August fell off 1.4 per cent from July according to the Department of Labor.

- 15 • CANADA moves its tariff up on 125 items including textiles, boots and shoes, agricultural implements, iron, steel, gasoline and fresh meats.

DEPARTMENT of Commerce notifies the

SEPTEMBER

President that exports for August went up \$38,000,000 over July, but are still 20 per cent below August, 1929.

PRESIDENT HOOVER names Edgar Brossard, Dr. John L. Coulter and Alfred P. Dennis to the new Tariff Commission.

- 17 • TREASURY figures from July 1 to September 15 show a loss of \$159,600,000 over corresponding period of 1929. Expenses went up \$41,700,000 and revenue dropped \$117,900,000.

WORLD depression shown by French foreign trade figures for eight months. Imports fell off \$180,000,000 and exports \$140,000,000 as against 1929. Argentine exports decreased \$250,000,000 in same period.

- 18 • LONDON hears that Soviet has transferred big tractor contract from Ford to British concern.

NORTH CAROLINA Supreme Court upholds chain-store tax imposing \$50 fee on every unit in a chain save one.

SECRETARY of Agriculture Hyde says Russia has been helping to depress wheat prices by selling short at Chicago.

- 19 • F. & W. GRAND-SILVER stores buy the 52 units of the Metropolitan Stores of Canada. Former now has 203 stores.

COLUMBIA Oil buys half interest in Missouri Kansas Pipe Line including the projected 1250-mile pipe line from Texas Panhandle through Missouri, Illinois and Indiana.

- 21 • HOME use of electricity went up 18.3 per cent in July over July, 1929. Helps to stabilize losses in industrial and commercial sales.

- 22 • DRIVE on stocks continues and prices drop to new lows—wheat and corn also down.

LEAGUE of Nations undertakes an investigation of world-wide economic depression.

- 23 • NEW Tariff Commission promises to start inquiries as to remaking rates within a month.

A Business Record September 9 to October 10

SEPTEMBER

- 25 • TIME money—six months—at $2\frac{3}{4}$ per cent, lowest in 15 years.

- 27 • FOREIGN Policy Association says 11 countries have definitely altered their tariffs in reprisal on the United States. They are Canada, Cuba, Australia, New Zealand, Spain, France, Italy and Argentina.

TWO Havana banks close and general run is started on others.

- 29 • NET operating incomes of Class I railroads were about \$97,000,000 in August, a drop of 32 per cent from August 1929 but a gain over July of about 17 per cent.

OIL production in 1930 will be 1,444,000,000 barrels, about 44,000,000 less than 1929. The estimate is that of Henry L. Doherty & Co's. expert.

- 30 • HEAVIEST dealings in stocks since June 18. New low records made for 313 issues.

AMTORG Trading Corporation (Soviet export and import agency) says that in year ended this day Russia bought \$145,000,000 in goods from us and sold us \$32,000,000 worth.

OCTOBER cotton at 9.90 first time it has been under 10 cents since September 1915.

ELEVEN of the largest mutual savings banks in New York City cut interest from $4\frac{1}{2}$ to 4 per cent.

JOHN W. BARTON, president National Bank Division of the Bankers Association, tells the Bankers, "I am very much inclined to the opinion that our standard of living is too high."

OCTOBER

- 1 • STOCKS after depressing downward movement shoot up. Most vigorous rally since June.

NEW YORK CITY puts its taxable real estate value at more than eighteen billions—and everyone asks: "Was \$26 the price for which the Indians sold Manhattan Island?"

CENSUS of Manufactures as of 1929 shows 5.2 per cent more workers and 5.9 per cent more establishments than in 1927.

OCTOBER

AMERICAN Bankers Association declares for city-wide branch banking in metropolitan districts and county-wide branches in rural districts.

NEW YORK TIMES' table of 240 listed stocks shows a drop in value of \$4,600,000,000 in September.

- 2 • STOCKS go down and wheat goes up. Cotton, too, moves up a little; but neither stocks, wheat nor cotton seem to be settled on a definite up move.

PRESIDENT HOOVER tells the Bankers that our standard of living isn't too high. (See September 30.)

- 3 • BANK clearings for week ended October 2 total 11 billion as against 16 billion in corresponding week a year ago.

CHRYSLER cuts auto prices.

- 6 • HENRY FORD tells England that all tariffs ought to be abolished in the United States and other countries.

AUGUST automobile registrations were 203,737 as compared with 254,097 in July and 376,933 in 1929.

CAR loadings for week ended September 27 were 950,381, a reduction of 2,131 from the week before and of 252,733 from the corresponding week of 1929.

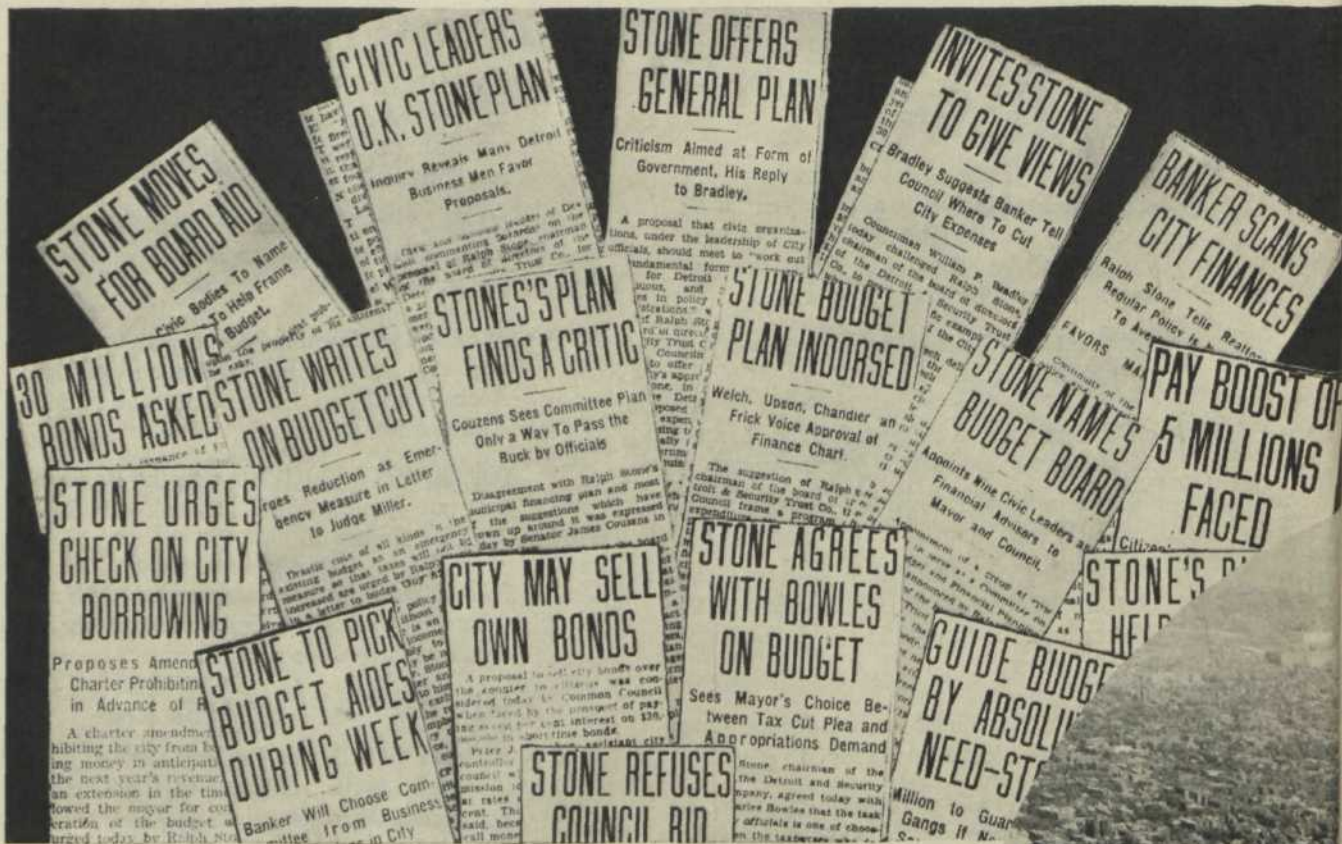
- 7 • NEW YORK Cotton Exchange Service says cotton is now selling 19 per cent below 1913 level while all other commodities average 20 per cent above.

- 8 • BRITISH Dominions ask tariff wall around the empire with preferential treatment from dominion to dominion.

- 9 • STOCK prices break in severest market reaction in two months. New York Exchange announces suspension of Prince and Whiteley, 51-year old firm, one of largest and best known in Wall Street, on its own admission that it was unable to meet its obligations.

- 10 • STANDARD Statistics reports that in September 103 corporations passed dividends as compared with 20 in September, 1929, and that decreases were voted by 68 as compared against 2.

Public Interest in Taxes



There is news in taxes. Detroit business men proved it by inviting reporters to their meetings which discussed the city's budget and expenditures

IN 30 years, Detroit's taxes increased more than 35 times while the population increased five times. Then, suddenly, the tax bill was reduced 20 million dollars but no taxpayer was surprised.

The taxpayers themselves brought that reduction. After 30 years of complaining apathy they had learned about taxes. In the light of their knowledge they demanded a change.

Briefly, the story is as simple as that. But that telling leaves two questions unanswered—what prompted taxpayers to take an interest in taxes? Where did they get the knowledge enabling them to act on that interest?

The answer to both—leading business men first became interested in taxes and decided to study them. But, a radical departure from procedure in most cases, they did not carry on that study quietly. They invited newspaper reporters to their sessions. The reporters followed each step of their study, observed the conclusions arrived at and the recom-

mendations based on those conclusions.

Clashes were frequent at these sessions as those seeking larger appropriations battled against reduction. Controversy is news and the reporters found much excellent copy in the hearings. The light of publicity filtered into tax crevices dark with the cobwebs of ages.

The public wants lower taxes

THE wisdom of this open-and-above policy was apparent. No department head, fighting for a larger budget, could say, "The public demands this service of the city," and go unchallenged. The public knew what it wanted and made those wants known by letters to the newspapers. It wanted lower taxes and it got them.

The winning drive for sane expenditures began quietly enough. The Detroit Real Estate Board invited Ralph Stone, chairman of the board of the Detroit and Security Trust Company,

To-day the population of Detroit is five times as great as it was 30 years ago . . .

Saved Detroit \$20,000,000

By John L. Lovett

General Manager, Michigan Manufacturers' Association



"THE PUBLIC demands this service," is frequently the politician's retort to appeals for lower taxes. That story did not work in Detroit. The public learned about taxes and it knew what it wanted



FAIRCHILD
AERIAL
SURVEY

... but the city's
tax budget is now
35 times as great
as it was 30 years ago

to address a banquet. Mr. Stone spent many of his early years as private secretary to Governor Hazen N. Pingree, of Michigan. From politics he turned to banking but he maintained his interest in public affairs.

He had been viewing the increasing cost of municipal governments throughout the United States. He had observed the decreasing cost of Federal Government and had before him a compilation for Michigan which showed that three important governmental agencies were rapidly increasing their expenditures. He was particularly interested in these figures covering the last nine years in Michigan:

Increase in city taxation	85 per cent
Increase in county taxation	81 per cent
Increase in school taxation	77 per cent

After accepting the invitation to speak he called on Dr. Lent D. Upson, director and secretary of the Detroit Bureau of Governmental Research.

"Doctor," he said, "I want to write a speech. In it I want to tell the city government some things which I think it ought to do for the taxpayers. I want your help in getting the facts."

The evergrowing burden of taxes

THAT speech, titled "If I Were King," said in part:

"My subject has to do with the evergrowing burden of taxation. That is a subject in which you gentlemen are as much interested as any group in the city.

"To lead the mind of the investor back to your wares you must be able to prove to him that what you have to sell will yield a fair rate on the money invested, either through direct net income, which is the soundest basis, or through reasonable prospects of appreciation in value. It happens that the conditions in our city are such that both these forms of return are more largely effected by taxation, which includes the heavy burden of special assessments, than by any other influence. Investors look with real apprehension on the mounting cost of

government. A sound financial municipal policy for the future will do much to restore confidence in real estate as an investment."

In that last sentence Mr. Stone puts a finger upon the pocketbook of his auditors. That is a sensitive spot.

"In the period from 1899 to 1929, one generation," Mr. Stone went on, "Detroit's population has increased from 275,000 to 1,433,000. The annual budget has increased from a gross appropriation of \$3,870,296.33 to \$142,262,342.89. To be sure, credits from earnings of city activities reduce the amount to be raised by taxation, but if the gross were less, the net would be less, and the attack to produce savings should be upon the gross budget."

Four times higher

"PER capita taxes have increased four times—from \$12.32 to \$54.31.

"The net indebtedness of the city, being the gross debt less the sinking fund, has increased about 60 times—from \$4,254,024.63 to \$238,598,757.68, exclusive of about \$18,000,000 of special assessments.

"With an increase in population of only five times, the expenses of running the city have increased 35 times and its debt 60 times, and the tax burden on each citizen is four times as great as it was at the beginning of this 30-year period.

"It may be said that, with ordinary prudence, foresight, and planning in the past, we could today have a well ordered, well planned, efficient and clean city at infinitely less expense and less resulting bonded indebtedness. What concerns us now, however, is the future.

Cutting out nonessentials

"SO, I say, if I were King, I would issue royal decrees somewhat along the following lines:

"I would classify the functions of city government in the order of their importance to the general welfare. I would provide for only a reasonable burden of taxation, and I would spend the public moneys so raised in the order of the importance of the functions as so classified."

Mr. Stone then presented the following order of expenditures together with

the proportion of the city's 1929 budget and each department's percentage of that budget:

	Proportion of 1929 Budget	Percentage of 1929 Budget
1. Protection to Life, that is Safety	\$10,315,028	7.2 per cent
2. Health	15,056,307	10.6 per cent
3. Education ...	26,446,765	18.6 per cent
4. Protection of Property	7,311,292	5.1 per cent
5. Transportation	25,086,632	17.6 per cent
6. Streets	19,788,482	13.9 per cent
7. Recreation ...	12,500,876	8.9 per cent
8. Executive and Legislative Administration ..	4,202,233	2.9 per cent
Interest & Debt Retirement ..	21,554,726	15.2 per cent
TOTAL	\$142,262,341	100.0 per cent



Ralph Stone, who made a speech worth 20 million dollars to Detroit

Mr. Stone does not classify interest and debt retirement because they are obligations which must be met in any event.

He gave the members of the Detroit Real Estate Board a detailed analysis of the functions of these departments with such clarity that the entire address was reproduced in all the newspapers and followed with vigorous editorials.

The City Council, meeting the next day, passed the following motion:

"That Mr. Stone of the Detroit and Security Trust Company be respectfully requested as a favor to the city and the governing body, the Common Council, to get his ideas on municipal expenditures in shape in detail and form a small committee of representative men and come before the Common Council between now and the day for the drawing

up of the budget and discuss the matter."

Mr. Stone accepted the invitation and appointed the following business men of Detroit to make up his committee:

George M. Welch, president, Detroit Board of Commerce.

Frank G. Austin, president, Business Property Association, representing the office buildings and the large department stores of Detroit.

J. Lee Barrett, president, Detroit Automobile Club, representing the users of motor cars in Detroit.

Frank H. Alfred, president, Detroit Bureau of Governmental Research.

Divie P. Duffield, president, Detroit Citizens League, an organization which supplies the citizens of Detroit with useful information about its public office holders.

Max A. Ramm, president, Detroit Real Estate Board.

S. Wells Utley, president, Michigan Manufacturers' Association.

John M. McKerchey, president, Woodward Avenue Improvement Association, representing many business firms and property owners on the city's principal business street.

Dr. Upson was made secretary of the Committee. C. E. Rightor, chief accountant for the Bureau of Governmental Research, was made Dr. Upson's assistant.

A long-time financial program

LED by Mr. Stone, these men met with the City Council the afternoon of January 21, 1930, and Mr. Stone explained that the Committee's purpose was to study a long-time financial program for the city starting with a budget for 1930, which would soon be before the Council.

It was a peculiar meeting. One or two Council members stated that they did not propose to have an outside unofficial committee telling them how much money Detroit ought to spend. Some members were acrimonious but the Committee insisted that it intended to study the budget and make its reports, realizing the City Council could do as it pleased.

"It is indeed gratifying to me," Councilman William P. Bradley said, "to see a group of business men come before this Council recommending economy in public expenditures. I have been a member of this Council for many years, but this is the first time in my experience that the officers of representative organizations have asked the Council to reduce public expenses and taxation.

"The members of this Council are besieged at every session with requests

for public funds. If you gentlemen will assist in making public sentiment in favor of less expenditures and lower taxation you will find the majority of the Council with you."

Influencing the public

IN THAT last sentence Councilman Bradley points out the real obstacle to the Committee's success. If it could overcome the sentiment built up by the spending departments of the city and those outside groups constantly urging increased expenditures, its reports would be well received in the City Hall.

The Committee realized its problem from the beginning. It met the next day with Mayor Bowles, and the Mayor seemed to sympathize with its purposes.

As soon as a printed copy of the budget was available the Committee set to work to analyze the requests from various departments and bureaus. These requests were embodied in a printed book of 202 pages, 14 by 20 inches in size. The public would not be able to make head or tail of this budget. Most of the Committee members were in exactly the same situation.

The grand total of requests for 1930-1931, covering all city depart-

ments, was \$186,915,943.80. Deducting credits and bond issues, the request was for \$134,066,521.30, as compared with the amount raised by taxation for the fiscal year, of \$76,045,508.53.

The Committee's job at the beginning, therefore, was to fix an amount, after an analysis of this budget, which it thought the Common Council could keep within during the fiscal year. After considerable discussion, the Committee unanimously voted that the budget for 1930-1931 should be the same as for 1929-1930, or, in round numbers, 76 million dollars.

The Committee agreed that it should not attempt to deal with detailed items of the budget. Having arrived at the maximum to be raised by taxation, it would place the responsibility for the departmental requests squarely up to the department heads and the Council. The Committee believed it was not sufficiently familiar with the functioning of the city departments to recommend detailed expenditures. It felt that its work should be directed toward policies in major enterprises, and that it could quickly wreck its influence by recommendations based on details.

At its first meeting, the Committee unanimously voted that newspaper

reporters should be invited to all its sessions and that the public should know its reasons for all recommendations. The Committee found the City Hall reporters of the three metropolitan newspapers a great source of information in reference to budget and city policies.

A platform of low tax

THE Stone Committee addressed a communication to the Mayor and Council on January 30 and a few excerpts from that communication established not only a platform of procedure by the Committee but also its views as to the city's major policies.

"The Committee on City Budget and Financial Planning is approaching the problems of city taxes and finances with two main ideas in mind—first, that the citizens of Detroit in general believe that taxes should be kept as low as possible; and, second, that the City Council, having invited Mr. Stone to name a committee, will welcome constructive suggestions looking toward keeping down taxes.

"The soundness of the policy of recommending caution in approaching

(Continued on page 66)



In the Detroit City Hall (draped with flags in this photo) the business men's committee met for the first time and was not very cordially received

WATER-POWER

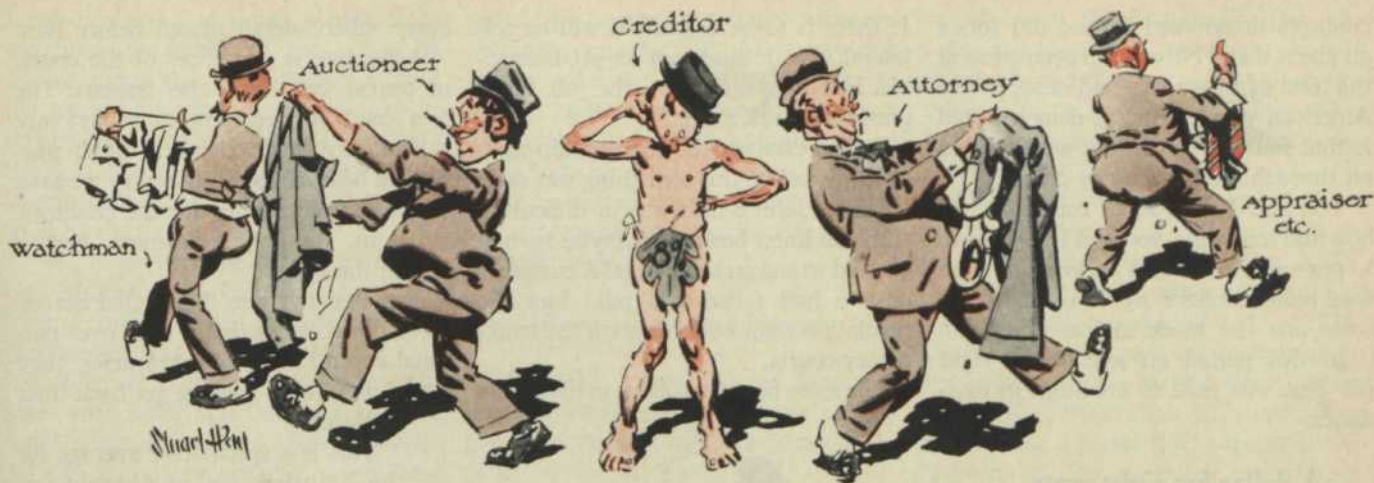
By Harry Kemp



DECORATION BY DUNN

WHERE dim ravines re-echo and distant thunders
brood
There lurked the city's bridegroom before the city
stood;
The smooth, white, pushing water whose yielding masks
its strength
Concealed its hidden lightning and stretched its inert
length;
The long, white, crowding water broke forth in smoky
flight;
Its feet stepped down in rainbows, mist girt its middle
height.
Lost energy strayed the ledges where shaggy pine-tops
lower,
And strode the cloud-trailed ridges in thunderous roars
of power.
And who then dreamed this wedding? and who was then
to guess
That troth of lonely summit with the world's populous-
ness?—
While lazy, startled darkness shakes off its centuried
sloth,
Rise up, you golden city! redeem in light your troth!
Let link on link of brightness your marriage testify
With Power, that Lord of Mountains, your Bridegroom
from on high!





If he got into court the average bankrupt paid his creditors eight per cent

We Put Four Billion Into a Rat Hole

By HERBERT COREY

CARTOONS BY STUART HAY

WE are a dumb lot, we Americans. Or careless. It is dumb to be careless, of course. Perhaps we are so busy making money that we waste no time worrying about the money we lose. Perhaps few of us really make money. Perhaps a cynical Providence pours it into our hands, confident that it will run through our fingers. Perhaps it is only fitting that so many of us die broke.

These morbid reflections came to me after I had looked into the bankruptcy mess. It was a mess in New York. It is a mess in the other 47 states. The one ray of light is that in New York the business men found a way out. No. That is not correct. They did not find a way out.

Circumstances and conditions got New York's bankers, and watchmen, and merchants, and custodians, and referees, by the napes of their necks and pushed them.

"These Associations learned from the report of the grand jury that the administration of the Bankruptcy Act has been charac-



The modern office boy could defeat Napoleon's army

terized by serious abuses and malpractices. . . ."

That is legal language. The three associations of the lawyers of New York City, the Bronx and the County of New York made that statement to Thomas D. Thacher, Judge of the United States District Court for the southern district of New York.

A complete loss

IN five years nearly four billion dollars of claims honestly due to mercantile creditors in the United States were wiped out. That is over and above the dividends paid to the creditors.

Four billion dollars would launch a fleet of Leviathans to capture the world's commerce.

Four billion dollars every fifth year would drain every mud hole and paint every fence in North America.

The loss of that four billion dollars was net, irrecoverable, complete. It is not the total loss of the business community, of course. Other defaulting merchants made compositions or ran away or were so hopelessly in the hole that their

IN FIVE years four billion dollars of claims honestly due to creditors in this country were wiped out by bankruptcy. You and I paid these bad debts. Some of us are still paying, but New York business men found a way out

creditors determined to and did forget all about them. No one can even guess at the total of mercantile bad debts in five American years. What is demonstrated is that four billion dollars were written off through the bankruptcy courts.

You and I paid it, of course. Somehow and sometime, you and I went down in our small American pockets and paid four billion dollars' worth of bad debts some one else made in five years.

In this period an average of eight per cent was paid to creditors in dividends.

A dollar for eight cents

IF John Smith, retailing linens, owed Thomas Robinson, a linen draper, \$1,000 for linens received, sold and delivered, and then went into bankruptcy, Thomas Robinson's salvage would be \$80. Yet John Smith might have been a perfectly honest, perfectly competent, and perfectly solvent man who had only had a series of slight misadventures. Let me emphasize "slight." He might have been thrown into the bankruptcy courts by bloodsuckers who go about looking for just such persons as John Smith. But if he got into the courts the average John Smith paid his creditors eight cents on the dollar.

That was all that he could pay them.

That the absurd net of eight cents on the dollar is all that was recoverable over a period of five years in the United States is every one's fault. Those mostly to blame are senators, congressmen, judges, merchants, bankers, lawyers. . . .

They will tell you, if you bother to ask them, that they have been too busy to correct a condition that every one admits has been almost impossibly bad.

Too busy? They've been dumb. Four billions is a lot of dollars to lose in five years. Hardly any one has thought about it. That loss is like the famine in China. It's just too bad. But what's to be done about it?

This is to report that something has been done about it in the southern district of New York. The new idea works. It is so simple and obvious and ordinary—like the other things that work—that the rest of the country may adopt it or a modification of it some day.

The Federal courts of the Southern New York district selected the Irving Trust Company to handle all receivership cases. The Irving Trust Company was not overly anxious to accept this burden. Its officials doubted whether there would be a profit. They still doubt.

If there is to be a profit it will be collateral, sentimental and as yet intangible. But they picked up the job. Some one had to pick it up.

Let us examine the receivership mess as it was before this something was done about it. John Smith was in difficulties with his linen business. Maybe he had guessed wrong on some lines. A customer or two had failed and paid him the regulation eight cents through the bankruptcy courts.

The more he poked about in his affairs



You and I paid it, of course,
out of our small pockets

the worse they seemed. He called a lawyer.

"You can fix this up," was the lawyer's opinion, "if you can get a little time. Just sit tight. Don't get scared...."

But some one had learned of John Smith's troubles. There are jackals of that sort forever sniffing up the commercial wind. Half a dozen of John Smith's creditors—men who did not know John Smith and only knew that he had not paid his bills—gave their accounts over to the jackal. Almost before John Smith knew it a petition had gone to the courts asking that he be adjudicated a bankrupt. It is the theory of the law that in such a case John Smith should continue in charge of his affairs until the creditors can get together and decide on a course of action. Only if it seems necessary to protect the interests of either side the court may name a receiver.

Times have changed. Creditors are scattered. Rents are high, salaries numerous, lights and telephones cost money. A hard-boiled receiver should be able to save money where a soft-hearted John Smith might not. The assumption is that a receiver gets the situation well in hand so that when the creditors get together and elect a trustee he shall have

every salient detail placed before him.

A receiver is an officer of the court, of course, but he is also human. The fees paid to receivers nowadays are ridiculously small. Being a dumb people, we believe that in this way we save the bankrupt's money for the creditors.

Let us, for only a moment, look a fact in the eye.

If the receivers in the United States, 50,000 of them, actually took over personal control of the bankruptcies, they would not on the average get back their taxifares.

This is a speculative average for the United States, in which it appears that in nearly two-thirds of the cases no assets at all are recovered for the creditors.

In cases in which there are assets the receiver is paid only a few dollars. This is not true in the large cases in which great sums are involved, of course. I am talking of the run-of-the-mine case. No business man who had sense enough to sell lead pencils would become a receiver except as a patriotic duty if it were not for one fact. He knows that he need not give his time to the job. Some one will be found to take the work and responsibility off his shoulders. The attorney for the petitioning creditors comes to him.

"I represent these men," he says. "I have their powers of attorney and their proxies and all that."

A lawyer must be paid by some one, if there is any money with which to pay. The receiver knows that. He knows that the lawyer will do all those chores for him which he as receiver should do and will get his pay somehow out of the estate. The creditors should cooperate with him and help him to realize on the assets of John Smith but the creditors almost never do. They are philosophical and discouraged. They do not know much about John Smith. They do know that whether they waste time on his case or not the dividend at the end will probably be eight cents. They sign some papers that the lawyer presents and begin to think about something else. So far as they are concerned the tail has followed the hide.

Charges against the bankrupt

THE lawyer knows nothing of John Smith's business, of course. But every time he files a paper a charge gathers against the estate. He selects a man for custodian of the bankrupt's property. The man is out of a job. Some one must be found to sit in the alley on warm

summer nights and smoke a pipe. So a watchman is found. If the lawyer is unscrupulous the same custodian and the same watchman may draw pay in several cases coincidentally. Presently the law requires that a meeting of the creditors be called at which a trustee shall be elected.

"We have a simple faith," remarked Col. William J. Donovan, who made the inquiry for the three bar associations, "in the old town meeting plan."

Once upon a time the creditors mostly knew each other and the bankrupt and could select a man who knew all about John Smith's business and was willing to serve the community and who could squeeze the final possible penny out of the Smith linens. Nowadays the creditors are busy and scattered and strangers to each other and used to handling such affairs through lawyers. Few attend the meeting. Those who do come have been drummed up by the lawyer. Many others have given him their proxies.

So the lawyer who has been appointed by the receiver suggests that it is the sense of the meeting that the receiver be continued as trustee. The new trustee can do no less than to continue the appointment of the lawyer.

John Smith's business is being liquidated by a lawyer who knows no more of linens than you and I know of *pterodactyls*. If he is an honest man he tries to inform himself. If he is fairly busy he may be the attorney for the receivers and trustees of shark leather, artificial flowers, fireworks and steel plough concerns and doing all their

work. The courts have realized that individuals, snatched off the streets into receiverships, are likely to be deficient in both knowledge and zeal. To protect the parties in interest a multitude of rules have been set up which differ in detail in each of the 84 federal districts. Only lawyers can puzzle their way through these tangles.

More rules and lawyers

"THE ACT," says Colonel Donovan, "contemplated that attorneys would play a minor part in administration. In fact they dominate it. . . ."

As more lawyers are engaged in bankruptcy cases more rules are needed which compel the calling in of more lawyers who force the courts to issue more rules. . . .

Last year there were in the United States about 50,000 trustees in bankruptcy, "together with a multitude of receivers, appraisers, attorneys, watchmen, accountants, and others." To keep an eye on the lot the 140 district judges in the 84 federal districts named 530 referees in bankruptcy. The referees report to the overworked judges. Time and labor have given them a fair idea of how most businesses are conducted.

But they cannot watch the innumerable little leaks. The custodian who gives his girl a gold watch out of stock. The watchman who does not watch. The failure of the attorneys to warehouse the goods and stop the rents. The quiet little arrangements with the auctioneers. The continuous drain of assets because as the weeks roll on the lawyers draw

more papers, the custodians draw salaries, the watchmen get wages, the accountants and the appraisers and others get a bite at the plum. At last John Smith's business is liquidated. His creditors get eight cents.

Every one knew of the maladministration of bankrupts' affairs in New York. Nothing was done about it. Of course, the lawyers talked a little. That is more than the rest of us did. The lawyers talked because the reputation of the courts and the bar was being blown upon. When the ermine of the law began to look like a khaki shirt they bestirred themselves. The three bar associations and the federal establishment got to work.

They found maladministration had become sheer piracy. Crooked merchants hired crooked lawyers who combined with other crooked lawyers and crooked court clerks and crooked collection agencies. This is now a matter of ancient record. A judge resigned and 12 attorneys were indicted and one man killed himself and another ran for seven feet in the general direction of a window but was stopped without injury to the stopper. It was discovered that twenty-odd firms of lawyers did a disproportionate share of the bankruptcy business. It was found that the law is antiquated and unworkable.

Now the scattered, headless, pulpy, irresponsible fabric which had produced inefficient receiverships has been superseded by a scheme that works. The Irving Trust Company was selected to act as a general receiver. Any one of the great trust companies might have been so selected. The court could have equally relied on the dignity and discipline and drilled intelligence of any one of them. The Irving was selected because, perhaps, of its convenience. Its principal office is in the Woolworth Building, where the federal judges have their chambers.

Receiver is rushed

AT its inception the Irving Trust officials asked for plenty of time. They would progress slowly. They did not want more than one receivership daily, so that they could set up their permanent organization as they would wish it to stay set. What happened was that the courts sent them five, six, seven receiverships a day. The cases were there. They must be handled. In the first year there were 759 cases.

The development in the manner in which receiverships are being handled in the Southern District of New York (Continued on page 113)



The court was annoyed because news of a receivership was a signal for a rush to the telephone

Efficiency—the Soundest Form

By W. M. Jardine

Former Secretary of Agriculture

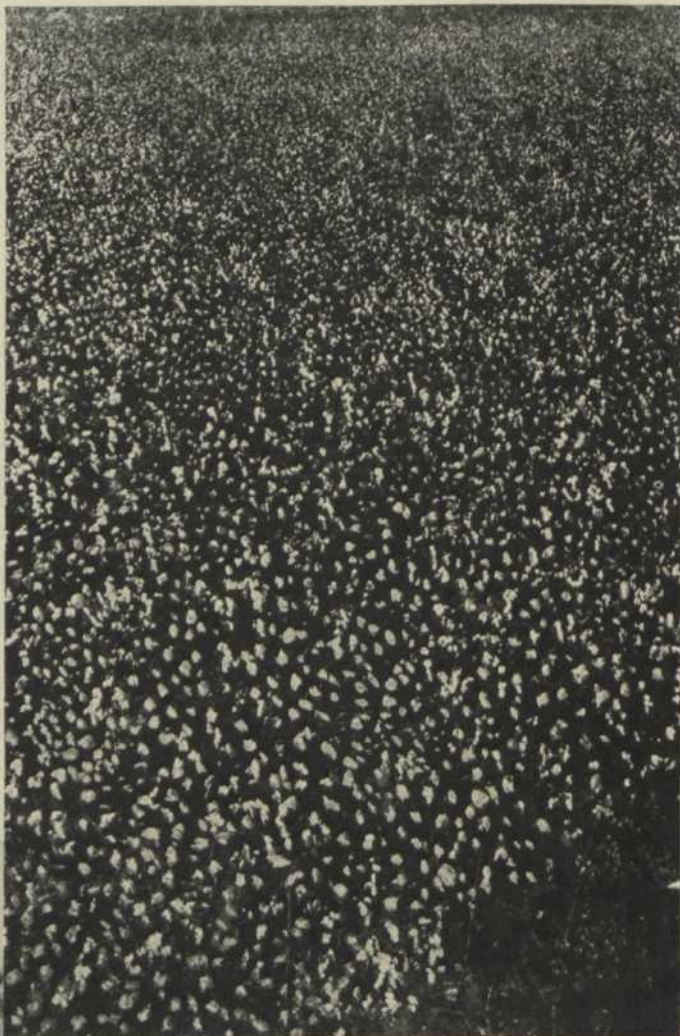


NET income, not price alone, should be the farmer's chief concern, says Mr. Jardine, and net income can be increased by reducing costs as well as by raising prices. Why then do we hear so much about price and so little about lower cost? Because price is more spectacular. No politician can tell the farmer to mend his ways without telling him, "Trust me and I will raise your prices"



Many deplore the introduction of machinery to replace hand labor on the farm

KABEL



The new technique in cotton production

LOW-COST production is one of the means toward higher returns in farming, although it does not lend itself to slogans as readily as do promises of prosperity by legislative price-making. In general, those industries have prospered most that have reduced costs of production and marketing. "Equality for agriculture with other industries" can be had only by applying to agriculture those principles that have made for industrial progress, with due regard to the differences between agriculture and industry. In discussing these principles I shall pass over tariff legislation, the benefits of which I am confident have been overstated by the extreme protectionists, just as the disadvantages have been greatly exaggerated by the advocates of free trade.

Higher standard of living on the farm through greater net income per farm family is the aim of all our efforts to improve the farmer's economic position. Higher price per unit of product is only one way of bringing this about. Yet in the past decade price has been given

of Farm Relief



COUVERT, MEMPHIS, TENN.

in the western part of the Cotton Belt means serious competition for the old areas

nearly the whole emphasis in public discussion, while other important elements in farm income—cost per unit of product and output per farm—have been relegated to the background.

However, although the popular emphasis on price has overshadowed other important considerations, progressive farmers have taken a leaf from the experience of industry and have reduced cost of production by applying new technique, improved machinery and modern business methods to make the most of their land, equipment and labor.

Cost of producing wheat in the West has been reduced to 60 cents a bushel or less. I am told on good authority that, under the most favorable conditions and with the best methods, costs in western Kansas may be cut to 45 or even 35 cents a bushel.

Cutting down production in farming to keep the price up is different than in industry. The manufacturer can and does put much of the burden of curtailing production on the laborer who frequently must walk the streets when the factory is shut down or operating at part capacity. In farming,

labor that can be dismissed to reduce output plays a comparatively small part in production. This is one reason why the practical farmer knows that curtailed production will pile up the overhead cost on the reduced output. Moreover, he takes into account the probability that, should he reduce his output, other farmers probably would not reduce theirs, thus leaving him with higher cost and none of the promised increase in price. Hence, he is likely to accept acreage reduction as good advice—for others.

Reduction vs. adjustment of acreage

THERE is a big difference, however, between flat acreage reduction with a part of the farmer's land lying idle, and adjustment in acreage to produce on each farm those kinds and quantities of products that bring the best returns. Adjustment means, for example, that a North Dakota farmer who may be able to produce flax as advantageously as wheat will increase his flax acreage and decrease his wheat acreage when the price of flax is favorable relative to the price of

wheat. It means that the Corn Belt farmer will expand production of one thing and contract another in the light of market prospects.

Balanced farm production and lower costs benefit both producers and consumers. Periodic gluts of the market and ruinously low prices inevitably result from recurring overproduction. The sheep industry is a case in point. Heedless of the danger signs, it expanded greatly in the last few years of good prices until its self-created surplus together with reduced demand is now forcing the industry through a period of disastrous liquidation.

As a part of its regular service the Department of Agriculture issues information to help the farmer to see ahead. It is a proper function of Government to supply information as a guide to private effort. This service should be further improved in the interest of balanced farm production. Large industries are able to get comparable information but the job is too complex for the individual farmer.

Progressive farmers are fast learning that reduced cost

of production is essential to increased returns. Machine processes, standardization of output and lower costs through increased volume are admittedly more feasible in manufacturing than in farming generally.

But, in the last few years, wheat production in the great plains region and cotton production in western Texas and parts of Oklahoma have shown that these principles of efficiency have not been exhausted in farming. I believe that their application has just begun.

Farm unemployment problem

INCREASED use of machinery in agriculture and greater output per farm admittedly cause hardship to farmers in regions less well adapted to the new technique. They face problems akin to technological unemployment in industry. This is sometimes used as an argument against low-cost methods in agriculture. Another argument is that the farmers' efficiency is their undoing, and that the more efficient they are the greater the total output will be and the lower the prices of farm products. Those holding these views sometimes deplore the introduction of new machinery to replace hand labor in farming, fearing that such improvements will further increase output and reduce the number of farmers necessary to produce the needed agricultural products.

This criticism is about as shortsighted as was the fear of industrial improvements and labor-saving devices in the early stages of the industrial era. New machines and

Increased efficiency on farms is a means toward higher living standards



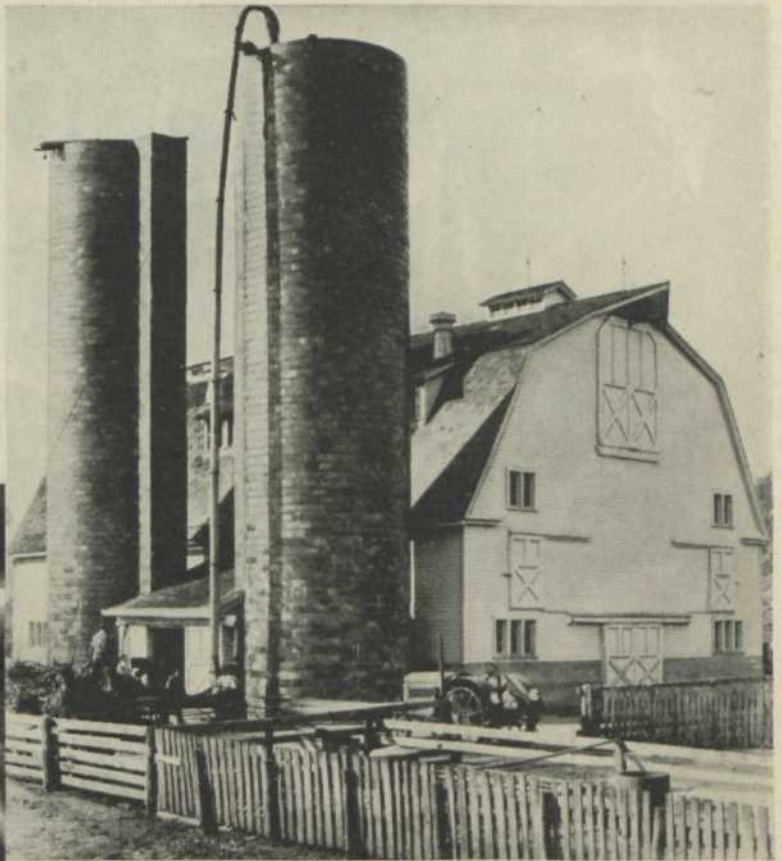
The able man, operating a farm commensurate in size with his ability as a farmer is the combination that seems to stand the best chance of making agriculture prosperous

EWING GALLOWAY, NEW YORK

improved processes were opposed because they meant greater efficiency in production and more severe competition for the handicrafts. Although it is true that many hardships resulted at the beginning, these improvements increased productivity of labor and made possible higher wages.

Those who deplore the mechanization of agriculture and the replacement of ultrasmall farms by farms of economical size should ponder over the statement of William Green, president of the American Federation of Labor, before the Senate Committee on Agriculture and Forestry April 3, 1929:

The mechanization of the agricultural industry is coming surely and inevitably; the development of larger



RAND McNALLY

Hired laborers on well managed farms may live in greater security than many tenant farmers

from the general progress in output per worker should not cause us to turn against the forces of progress, but induce us to concentrate on the problem of lightening the burdens of those caught in maladjustments which follow improvements.

Government may lessen hardships

TECHNOLOGICAL unemployment in agriculture as in industry exacts of many individuals too heavy a price. It is a function of Government to alleviate these hardships as much as possible. Employment agencies, grade schools, publicly supported education in its various forms—all these help to facilitate the movement of workers from those trades or occupations which have become overcrowded by reason of labor-saving machinery. Some modified form of unemployment insurance may be found helpful in further alleviation of technological unemployment. Social justice demands that practical means be devised to minimize the burden which general progress causes to fall on individuals. It is particularly fortunate that, under President Hoover, public responsibility toward unemployment in general has been given increased recognition and public works undertaken when a recession in industry threw many out of work.

In some ways the farmer is better off than the industrial laborer. In slack times the laborer and his family may even go hungry. This seldom happens to the reasonably provident farmer as the minimum requirements for food and shelter are usually met on the farm even in years of reverses. There are, of course, exceptions, as in the present drought and the Mississippi flood a few years ago.

Granting that efficiency in farming is essential to higher rural prosperity, how is this efficiency to be attained? What

(Continued on page 120)



ROBERT H. MOULTON

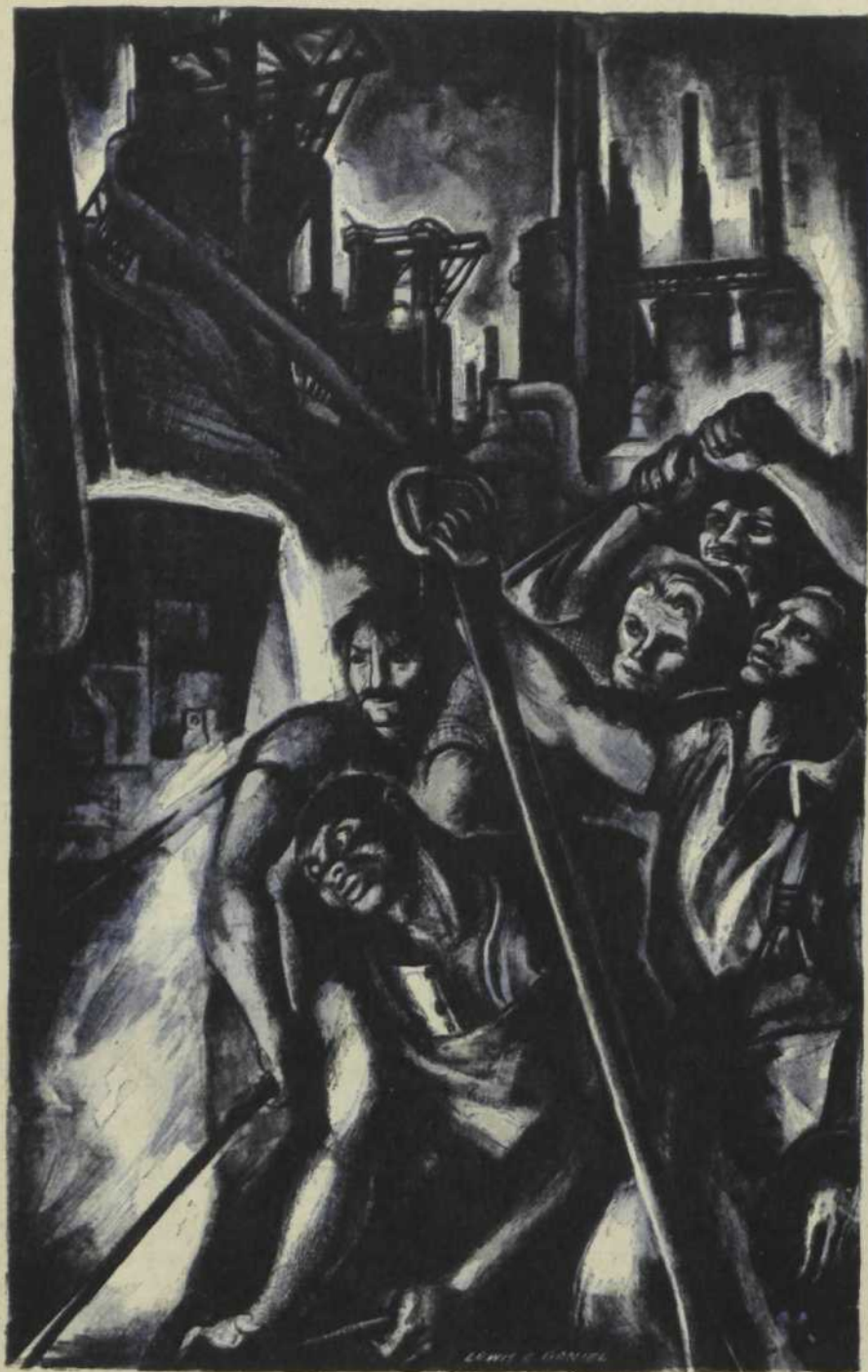
Saving seed corn for next year's planting is a simple but useful efficiency measure

units of production, the injection of business methods into agriculture, as they have been introduced into industry. I presume that in the expansion and the development of that process there will be some displacement of the smaller units, just as there has been displacement, machine displacement, in industry. . . . It has developed a new form of unemployment, known as technologic unemployment. . . . The problem is to cushion these men from the point of displacement to other points where they can find new employment.

I merely refer to that as an inevitable development. We are not opposing all that. In fact, we welcome it. We see in it an instrumentality through which the standard of life and living of the working men and women of America can be raised to a still higher level, because the introduction of machinery tends to develop the industrial efficiency, and as the worker becomes more efficient he is entitled to more wages, and we are justified in demanding that he receive more wages.

As industrial efficiency is the foundation of the high standard of living of American labor, so agricultural efficiency may be expected, in the long run, to increase the standard of living in agriculture. The particular hardships that result

A Beast



The final residue of steel has been the uplift of peoples otherwise destined to the hopeless future of the peasant

tiful shade of brown—and the shoes were of leather!

Before noon the crowd had gone. Only a few vegetables remained in her cart. The sun now beat unmercifully hot into the narrow street. Flies swarmed about piles of decaying vegetables. An emaciated horse dropped dead to lie abandoned, and its driver, a boy, trudged through the market dragging home his empty cart.

Dreams of shoes and stockings

AT LAST she drove slowly home forgetful of her weariness and that her mother was waiting for her help with the chores. As the cart creaked through the miles of deep ruts she thought of the leather shoes and brown stockings!

As she climbed to the loft hours later she could not find sleep although she was exhausted and realized that she must leave again in a few hours with her cart for the early market at Sofia.

She dreamed that night that her brother had come home bringing her a pair of shoes and stockings!

Weeks and months passed—days in the early market, nights too tired to rest. Finally he did come home. The Balkans had made temporary peace. Boisterous, shouting, eagerly he told them of a foreigner who had hired him to go to America. He was to go at once and he would send for the old mother and his sisters because he would soon be rich!

Pittsburgh! Yes, her mother remembered! Her uncle had gone there before the war. And hadn't he sent a fortune to his family so that they might join him? Hadn't he sent pictures of great mills where he worked and where, he said, thousands more were needed?

Her dream might come true!

I heard this story years later in the waiting room of one of the industrial hospitals of the Carnegie Steel Company in the Pittsburgh district. It was told me by one of the hospital nurses. Then she told me that this had been her story. She had been the little girl in the market place whose fondest expectation was to possess a pair of leather shoes and brown stockings.

As I sat there waiting in the growing

AT DAWN a tired-eyed child, awakened by the rumble of wooden wheels on cobble stones in the narrow street of a Sofia market-place, stretched herself wearily, and climbed down from her cart. The last hours of the night had been cold and her frail body shook as she lifted crates of fowls and vegetables to the ground ready for the first market.

She was not hungry. The stench of the open gutter steaming near her cart sickened her. Wrapping a tattered shawl about her bare legs and feet, she waited listlessly for a first customer.

A detachment of soldiers shambled through the avenues of vendors' carts, uniforms spattered with mud, faces sallow and gaunt from hard and prolonged service.

She searched each face. It had been more than three months since the last brother had gone from home; where, she did not know. He, unlike the others, sometimes had helped her in the fields and she missed him sorely.

One hour, and another hour passed. A mother with a little girl of her own age stopped at her cart. Her eyes lighted for the moment as she noticed the child's shoes and stockings. They were a beau-

That Nurtures Citizens

By David H. Colcord

ILLUSTRATIONS BY LEWIS DANIEL



SAID Secretary of Labor James J. Davis in a recent speech: "There is something in the fabricating of metal for human use that stimulates thought in any worker who has a part in it. And there is something in this land that makes a man, whose only hope has been to earn a living, capable of anything." In those few words he explains why it is possible for this thrilling, human article to be written

ward over the aisles below. The train jerked forward and stopped. A molten geyser broke through a blackened brick wall, spitting fire, immediately shaping a thin stream of hot metal which poured into the cauldrons. As they filled, splashes of fire sprayed the aisle. Great drops of red liquid bounded away to bury themselves in the cinders below. Finally, the heat drawn, the heavy train, with whistle shrieking, moved slowly on to the mill beyond among orderly stretches of cooling "pigs."

The lights began to come out along the streets on "The Hill" to the left. The gates beyond the finishing mill swung open and a long line of stalwart men started up the steep paths to their homes, passing, as they went, another line coming to take their places in the night shift. At

darkness I saw through the window, beyond the cinder court, a giant crane swing out over the river. A long string of coal barges crept slowly up to the dock. A side-wheeler sputtered a sharp staccato, cut loose and the barges were made fast. The crane dipped to the barges, gulping great mouthfuls of coal, only to spew it again onto the gray-black pile ashore. To the left a never-ending chain of buckets plowed unceasingly into a mountain of red ore, hoisting it aloft, dumping, returning, insatiable, yet apparently making no dent in the red mountain. A whistle shrieked and a long line of miniature cars rattled by, each carrying its spouted steel cauldron. The train swung into the open-hearth mill. A blinding red flame sputtered from somewhere, lighting up long avenues of rail, swinging chains, steel cabins gliding backward and for-



The dim, colossal outlines of the mills appeared, each a gigantic steel unit, a colony of Titans, alive and pulsating with basic energy



Her eyes lighted. The other little girl wore shoes and stockings

midnight, I walked to a crag jutting over the valley. Below, dim, colossal outlines of the mills appeared in the glare of converters. Homestead, Braddock, Duquesne, McKeesport, each a gigantic steel unit, a colony of Titans dissociated with all that is human, yet alive, pulsating with basic energy. Below stretched the Monongahela Valley, a gorge of fire, wherein seemed to dwell a hundred monstrous fiends, eternally mixing in their huge cauldrons, the primary ingredients of materialism!

A heartless monster of steel?

THERE was no sign of man. Instead, only a primordial force seemed to actuate those dark silent forms.

Dynamos, steam, automatic machines, pig iron—all arms of an unthinking, unfeeling octopus—reached out to the hinterlands of America, crushing in their grip of steel the spirit of men's lives! A grim monster these mills, beautiful yet heartless!

This I thought. This heartlessness I had been taught to believe by the Babbitt-baiting spleen to reactionaries who were too close to this American spectacle to understand its ultimate significance. Here in this valley but a few years ago, intelligent reformers fired with a sentimental idealism, from pul-

pit, platform and street corner, had preached the gospel of revolt. "Down with the Steel Corporation, taking its millions in profits at the price of human happiness!"

But uplifting spiritually

THEN I thought of the nurse at the company's hospital, the little girl of the market-place, once an under-nourished Slav, struggling against an age-old hopeless poverty. I thought of her brother, then cannon fodder for the petty quarrels of a medieval state. I saw her old home in the Balkans—mud, stench, hunger, cold.

Notwithstanding its evident abuses, regardless of its almost incalculable wealth, waiving the immediate consideration of its dominance of human effort and materialistic slavery, the precipitate of this giant corporation's mixture of human life and pig iron has transcended this very materialism to become a definite, spiritual factor contributing to the ultimate good of western civilization. The final residue of steel, the precipitate of all corporate industry, in fact, has been the material and spiritual uplift of millions of men and women otherwise resigned to the hopeless future of a European peasant.

As a youthful nation with cultural aspirations, we have found no place for industry in our cultural pattern. We have tolerated steel, but it is something to be rid of before the larger life is possible. We apologize for our materialism. We are like the artist who looks forward to the day when he can leave the drafting room for the studio. Even social uplift today is based on the hypothesis that the lever must be applied outside of the mills.

The mills remain! Generations of laborers have come and gone. But there stand the mountains of red ore, the miles of slag, and tomorrow night a Bessemer converter will light a Pittsburgh sky as it did a half century ago.

Early in the eighteen nineties, Carnegie needed common labor which was

not available in Pittsburgh. He required thousands of able men for his cinder pits, for the docks. He wanted men for hard manual labor.

He drew, by contract, labor agreements on the Irish peasants, at a time when they were destitute. They were moved from Ireland into the Monongahela Valley into the bunk houses lined along the river in the shadow of the mills. It was a dollar for a 14-hour day and found, a fortune to these men whose sole worldly possessions were carried in the red bandanna handkerchief of the time. Ten thousand of them swarmed to the gates when the shift changed. No intelligence was required or wanted. The demand was only for the man with the strong back. These Irish coming from a line of ancestors who had known only hard manual labor seemed ideally fitted for the jobs. Carnegie had solved his common labor problem for all time!

In less than ten years practically every Irishman had forced himself upward in the mills until he demanded a foreman's or a superintendent's job or nothing. They literally stepped out of the cinder pit into the bosses' offices. Thousands as soon as they had made their stake, left for other positions in the city—to the police force, to contracting, some to the city hall and to the mayoralty of a big city. The later general superintendents of some of the largest Carnegie mills were Irishmen from these cinder pits.

A three-year advance

HOW long did they stay in the bunk houses at the river? Less than three years. In five years, from Fort Pitt to Monongahela City their cottages dotted the hills back from the river—where there were trees, gardens, bathrooms, schools, and churches for their families, which had followed them over from Ireland.

In ten years the Irish immigrant stepped upward three centuries in his standards of living! By what circumstance was this made possible? By the steel mills! Carnegie
(Continued on page 170)



The steel monster made them American citizens

The Used-Car Puzzle Can Be Solved

By A. R. PINCI

Economist and Business
Consultant



THE automobile industry, before it can achieve continuous prosperity, must remove the used-car clog. Plans already tried have failed, but here is one that, properly executed, gives promise of success

AMERICANS have more money to spend for automobiles than automobile manufacturers have been able to entice from their pockets—at least 40 million dollars a year. The automobile industry can have more than \$100,000 a day of that sum through a simple nonsales and nonrental amortization plan.

The trouble today is that the industry has been thinking of more sales, whereas sales in proportion to new-car output are out of the question. Corporations have spent hundreds of thousands of dollars to study markets, with no results for their outlay. The automobile industry will never achieve a continuous prosperity until it has solved the used-car problem. A solution to this problem is advanced here which, subject to proper sponsorship, is virtually automatic.

Cooperative junking plan

FOR the next few months the industry's attention will be focused on the result of its cooperative annual junking plan. But buying derelict cars and destroying them is not a solution. Apart from the plan's obvious inadequacy, its chief demerit is that operating costs will be an inevitable charge to the ultimate consumer—the new-car buyer. The amount might not average more than ten dollars per new car sold, but the question isn't one of money so much as of faulty practice, of unimaginative business, of an unserved public. It would be far better to charge outright a ten-dollar "tax" per new car henceforth sold to cover derelict junking costs than



to add an avoidable ten-cent item to general overhead.

As for the campaign for a "two-car" and even a "three-car" family, recommending used cars for the supplemental ones, that defeats new-car sales. New cars of all makes priced under \$2,250 range in \$50 units downward to \$450. Why buy a used car when one may easily find something more modern? Especially these days, when a thrifty buyer can get better concessions with a new-car purchase?

A famous manufacturer proudly announced that his car is good for a million troubleless miles, but who can or would care to drive the same car 100 years at the accepted average of 10,000 miles annually? Except academically, even a 100,000-mile life is not advantageous, because chronologically

that would mean ten years of life for a car at the very time that the automobile industry practically, if indirectly, decrees it to be much shorter. If outstanding good cars were to live out the life built into them, the factories might as well shut down for a few years except for the making of replacement parts.

More sales than consumption

THESE conditions and causes, together with some others, have glutted the automobile market, and a glutted market is bad for business as it is for the public. With cars manufactured faster than they can be consumed—for a sale is not consumption and this distinction is emphatically commended to the industry—the American public can do no more than it is doing. The nation can't afford

to witness a material curtailment in the production of cars. Nor is it necessary.

It is not necessary because thousands of men and women are pining to drive cars. Thousands of dollars are available every day from those motor lovers. Yet this vast fund and the miraculous result it would achieve has remained ignored and unutilized. It is a fund that is not affected by national economic fluctuations.

Thus we approach the true, and only, solution of the national car problem.

Motor interests must speed up consumption of cars. Consumption—not sales! Consumption means that at the end of a given period cars are eliminated outright. They shall cease to exist, or, existing, shall have no value in the United States. Looks, life, value, must all be forgotten. Each car's life must be used up efficiently, profitably, practically. That means making each car pay for itself in full in the least possible time; thenceforth it must be destroyed or exiled where it cannot interfere with the American automobile business.

To eliminate old cars

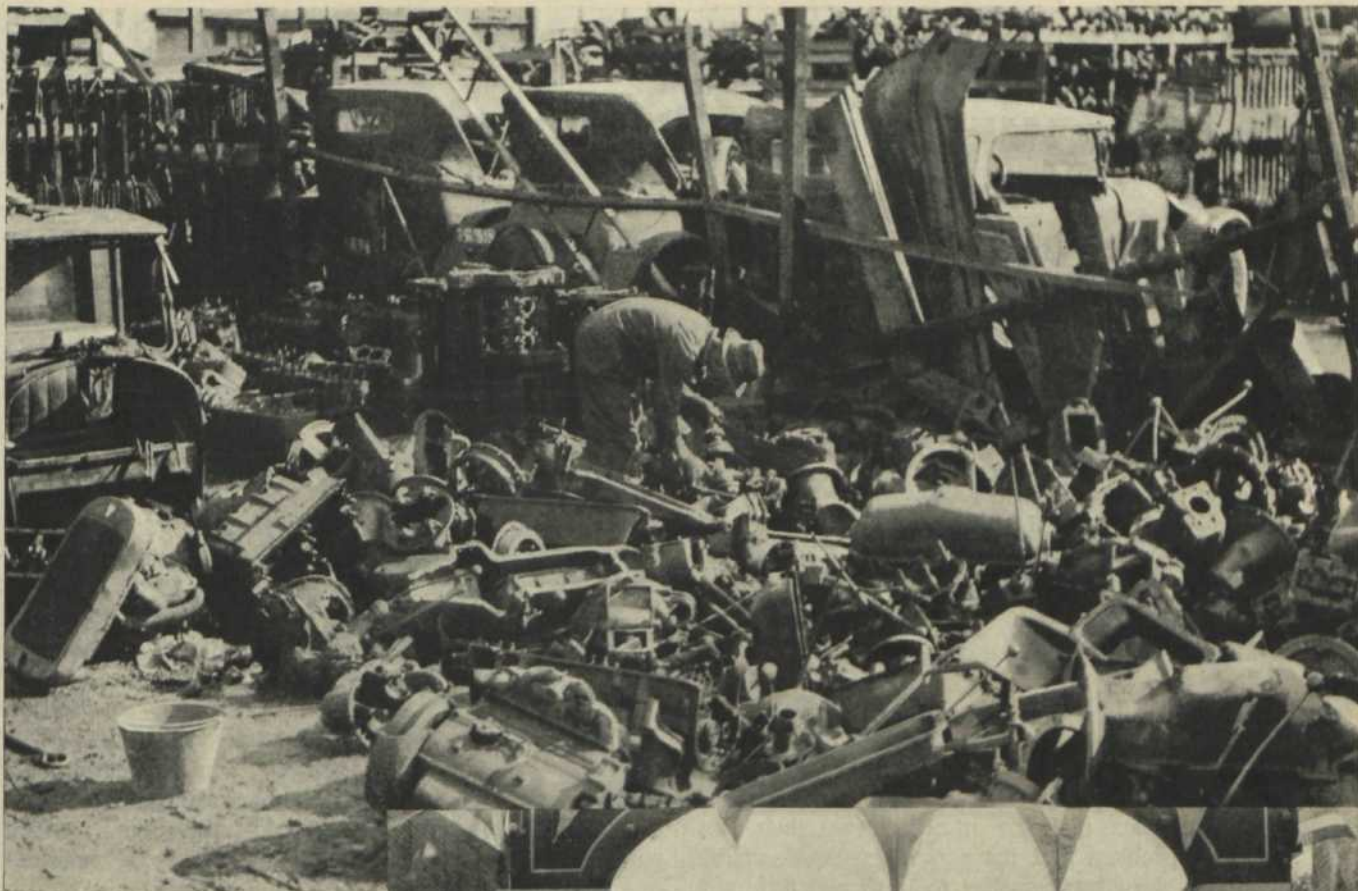
THAT is the plan I have accidentally discovered after a long journalistic survey of the motor industry's ills. It concerns dealers only; it affects their used-car stocks. It does not apply to individual owners or to manufacturers. And, what's more, it will create a vaster field of opportunity, a better public understanding by means of public service, because countless people in this country need its benefit as much as automobile dealers need the money.

It was obvious at the outset of my survey that the American public had



This glimpse of a Long Island amusement park and of the Hudson Tunnel approach gives a faint idea of the number of cars in New York City—yet there are many potential drivers still without automobiles

EWING GALLOWAY, N. Y.



WIDE WORLD PHOTO

Costs of junking used cars will be an inevitable charge on buyers of new cars

not received the fullest attention the automobile industry could give. Did the public ride 100 per cent? If not, why not? Were there more cars than the public could use? Could the public use more cars? Or was the public simply unable to use all available cars? Did motor interests overlook a good bet somewhere?

Finding a new market

IN no time at all I found that hundreds of thousands of individuals can use and want to use cars and are unable to. It's a want which has not been thought of, notwithstanding an old transportation precedent as well as an infallible, comparable example in another field. In other words, the people who have been denied the privilege of using cars, which means using up, have been obliged to keep their money in their pockets.

Under proper and adequate sponsorship, nationalized by adequate advertis-



HORTON

The campaign for a "two-car" and even a "three-car" family, urging used cars for the supplemental ones, defeats the sale of new cars

ing, properly controlled, this avenue of commerce in cars ought to yield the automobile industry no less than \$100,000 a day, or \$36,500,000 a year! It might be run up considerably, for all we know. Moreover, the idea would soon diminish the number of cars in dealers' hands, it would hasten the removal of cars from circulation, and thus

make it almost impossible for cars to become old or unsightly and a drag in the "trade-in" business.

The plan is simple enough for a child to understand. It is fool-proof. It is neither a sales nor a rental plan. It involves no radical changes. Its object is to aid dealers in eliminating used cars

(Continued on page 128)

Are Your Prices Reducing Profits?

By FREDERICK A. SMITH

President, Miller, Franklin & Company, Industrial Engineers

ILLUSTRATIONS BY BEN KIDDER

IT IS possible—in a depression—to save money by selling at a loss; volume does not assure large profits; you can lose money by increasing your profit margin. These are some of the startling facts Mr. Smith demonstrates



we find that the seemingly illogical move of reducing the price even at the expense of the profit margin increases the volume of sales so greatly that the total profit is increased. But that is by no means a universal rule.

SETTING the price at which any product shall be sold presents at once the most important, the most complex and the most difficult problem that management in any field of business has to solve. Labor policies, financial policies, advertising policies, selling policies and production methods may all be the best, but if the product is not priced at a point where it will sell in sufficient volume and still provide a proper margin above cost, the business will not prosper.

That should be fairly obvious; nevertheless it is generally ignored by thou-

sands of business men who let their competitors set prices for them or at best set their own prices by guesswork or with the doubtful guidance of shirt-cuff cost estimates.

Since the total net profits of a business amount simply to the net profit per unit multiplied by the number of units sold, it is evident that there are two variables to be considered, the margin of profit and the volume of sales. Obviously, an infinity of combinations is possible, only one of which, usually, will yield the maximum results. Often

men have become so convinced that large sales mean large profits that we commonly find them paying more attention to getting large volume than to getting a safe margin of profit.

There is a great difference of opinion among them as to just what effect price has on volume of sales. This is understandable in the light of their varying individual experiences.

Ford's business has been built on the theory that immense numbers of otherwise merely potential prospects can be turned into actual customers by quoting low prices, quality considered.

Quality price

YET, another pioneer motor manufacturer found in the early days that a car which he could not sell at all for \$1,300 sold easily when he raised the price of the identical machine to \$2,000. Wise-acre prospects did not believe that a \$1,300 car could be any good, but they understood how a \$2,000 one could be.

Again retailers have found that even in acute depressions consumers will buy freely at bargain sales. The mail-order houses which have recently reduced prices drastically all along the line know what they are doing; their experience over many years proves definitely that consumers respond



Setting the price at which any product shall be sold is the most important and most difficult problem that management must face

quickly to lower prices. On the other hand, copper producers find that a reduction of prices usually scares buyers off at first. Users of the metal seem to take the first few cuts as a sign that prices will go still lower and refuse to buy at all. The same is true of most basic materials, and to a great extent of goods bought by retailers for resale.

It is evident that the problem of what the selling price shall be has two angles—the permanent continuing policy and temporary expedients to meet special conditions.

Reasons for high prices

IT IS beyond argument that there are, especially in the United States, a certain number of people to whom low price is no object; to whom, in fact, a comparatively high price may be actually attractive. There are, for instance, the snobbish, show-off people who get a definite satisfaction from ostentatious display. Another and probably larger group is unfamiliar with the intrinsic values of competing products, wary of low-priced goods and, therefore, willingly pays a high price as insurance against wasting money on shoddy goods.

While these two groups constitute a mighty small proportion of the population they admittedly include enough to provide a fair volume of business for a few manufacturers and retailers, not many of whom, however, are notably and stably successful in a really big way.

It is certain that the vast majority of consumers take to low prices for the excellent reason that they have to—if for no other. Therefore, the large sales of consumers' goods will probably always be made by those concerns that are able to sell a satisfactory product at a low price. As the prices of the things consumers want are reduced, still larger markets will be opened up because, prosperous as the masses are, there are still hundreds of things they would like to own but have to forgo because they cannot stretch their incomes sufficiently.

That this is not mere theory has been proved time and again. One manufacturer of washing machines, for example, has definite figures to show just how price changes have affected his sales.

At the original price of \$59.50 not enough washers were sold to permit full capacity operation, but a certain fixed overhead expense went on whether production was at one-quarter or full capacity. When this expense was spread over the small number of machines sold at the \$59.50 price the margin of profit was insufficient to give a proper return on the capital invested. The natural

thing to do—the thing that first occurs to nine out of ten business men under like circumstances—was to raise the price to a point where a satisfactory profit margin would exist in spite of the high unit overhead.

So the price was jacked up \$10. Sales immediately fell off until, after four months, they were only half as great as at the lower price. But the fixed items of overhead remained the same. Evidently the price raise was getting the company nowhere.

A careful study of markets and of buying habits then convinced the management that, to get sales in sufficient volume to assure capacity operation, it would be necessary to sell the washer, unchanged as to quality, at \$49.50—a straight-off cut of \$20 or nearly 30 per cent and \$10 less than the original price which had been thought too low.

Low prices cut cost

IF THE price cut had the expected effect on the volume of sales the lower overhead charge per unit and the manufacturing economies possible would more than make up the price reduction—would, in fact, reduce costs enough to leave a satisfactory margin even at the new low price.

Experience bore out the prophecy. Sales jumped at once and within three months the volume was about double the highest sales at either former price and about three times as much as the average at the highest price.

So much for what the economists call "consumer goods." The advisability of keeping the price of goods sold to industry, whether equipment or raw materials, as low as possible is even more apparent. There we are dealing with hard-boiled business men who generally know values and the comparative merits of competing products. When it comes to raw materials the big buyers, at least, have accurate knowledge of world supply and demand.

Whether it is wise to make temporary price cuts to meet temporary emergencies depends on a number of things, such,

for instance, as competition, the need to turn inventories into ready cash and the advisability of operating a plant at part capacity rather than to shut down completely.

Cutting prices to meet competition is often unwise, even disastrous. A competent management should be able to find a better way to fight competitors, providing the product is economically made. Drastic reduction to move inventories is likewise usually a result of



Few concerns will lose as much when operating at part capacity as when shut down

shortsighted management which failed somehow to keep production balanced to demand.

But lowering prices to reduce the losses from undercapacity operation may be highly desirable from a profit standpoint.

The trouble with temporary price cutting is that it is too often done in a spirit of complete panic and so without full knowledge of what the effect will be on profits.

Rather intimate knowledge of a great many enterprises convinces me that a considerable part of the business community confines itself to hoping that a

given policy or activity will somehow result in a profit. Only a few make a really serious effort to know beforehand what the results will be. This is senseless in these days when methods have been worked out for obtaining reasonably accurate data on practically all phases of business.

When formulating the broad basic price policy a logical starting point in most manufacturing businesses is the factory. The production engineers and the cost accountants determine between them the amount of production which will enable the lowest possible costs to be attained. It is then up to market analysts to find out whether a price based on that cost will bring the desired volume of sales. Both these facts can be determined with all necessary accuracy.

Sometimes, the order of the investigations must be reversed. It may be necessary to determine first the price at which a given volume can be sold and then have the cost department and the factory find out if they can make the product to sell at that price.

It is not true that large-scale production automatically reduces costs. But it is true that when volume of output increases it is often possible to make savings by adopting mass production methods which under the old limited volume could not be used economically if at all.

Mass methods may cut costs

THUS with small output, conveyors might not pay for themselves, trucks being cheaper to buy and to operate. But with treble the production great economies might result from the installation of conveyors. Again, with a large volume of repetitive production it may pay to displace multi-purpose machines with single-purpose ones. And so on through all the tricks, and knacks, and devices that make up the technique of mass production.

Furthermore, we must remember that, at any given volume of production, few factories are as efficient as they might be. When considering a new price policy it is wise to find out whether savings cannot be effected entirely apart from those made possible by mass production.

Production costs can only be predetermined accurately by means of an ade-

quate cost finding system. Originally, cost systems could tell only what a product already made had cost. That information was of no particular value as a guide to policies.

The best of today's systems are designed to tell just what will happen to costs under any future condition. It is not necessary for a manufacturer to guess what effect a proposed policy will have on his future profits.

As an example, a furniture factory confined its effort to producing a medium-priced item for which the market was so limited and on which competition was so keen that the factory was seldom able to operate at its capacity.

A market analysis indicated that if an equally good product could be produced to sell for about 20 per cent less enough business could be done to keep the plant running at full capacity. With this prospective increase in production, the cost system showed that the overhead cost per unit would decline enough not only

to make the lower price possible but to increase the profit margin on each unit sold. The reduction was made and the results bore out the prophecy—with, of course, a notably beneficial effect on total profits.

Saving 58%

THEN there was the manufacturer of an automobile part, let us say for example, a transmission, which was sold to various automobile manufacturers most of whom demanded slight variations from standard. Thus the factory might have at one time orders for 10,000 of one kind, 25,000 of another and 20,000 of another—all basically alike except for minor variations.

This small variation kept production costs so high that the selling price had to be \$85.

Study of manufacturing conditions and the effect on costs showed that if no deviations were required the transmission could be sold for \$35—a price at which

a tremendously increased quantity could be sold to the makers of low-priced cars who could not afford the \$85 transmission.

When the customers were told what their specifications were costing them they willingly accepted the standard. Their business was retained and a lot of new, formerly untouchable business was obtained. Costs dropped as forecast and the profits of the company increased.

A method which foretells exactly what costs will be under any condition of factory activity is of the utmost value in guiding policies during times of business slackness.

I recognize that some persons feel that price cutting at such times is bad business. They hold that it adds to the disorganized conditions of markets thus prolonging the depressions, and that selling below cost eats heavily into corporate profits. The advocates of price maintenance hold that at such times it is better to shut down completely than (Cont'd on page 166)



A pioneer auto builder found that a car he couldn't sell at \$1,300 sold readily at \$2,000



Making Life Insurance Do Its Job



The ordinary man believes insurance so complex he cannot understand it

ARE you carrying your life insurance properly? Is your thinking about life insurance muddled? Why do you carry life insurance anyhow?

As a typical American business executive, you have probably given little thought to these questions. It is unlikely that you have ever applied to your personal life insurance problems anything like the accurate thought that you continually apply to your business problems. Most business men err in this way. And yet these problems are important to you as a policyholder.

I shall try, without prescribing individually for anyone and without going in for the hair-splitting accuracy of detail necessary if I were writing for actuaries to supply the facts by which you can answer these questions for yourself.

The subject of life insurance as it applies to the problem of the typical man is comparatively simple. It consists for him of a small number of elements from which he will get the results

By A. T. Maclean

Second Vice President and Actuary, Massachusetts Mutual Life Insurance Company

DECORATIONS BY CHAPPELL

he requires only as he chooses the particular ones that in combination meet his needs.

Unfortunately, the man who buys life insurance chooses too frequently to ignore these simple, basic facts. Perhaps he believes that life insurance is inherently so complex that he can never hope to understand it. More probably

he prefers to take a chance rather than trouble himself to do any accurate thinking.

The primary function that the business man requires of his life insurance is to replace his earning power, to continue after his death the support which his personal efforts yielded his family during his life. There are other functions, properly cared for by various types of policies. But the bulk of all life insurance is carried for this primary function.

If you keep this fact uppermost when considering your personal life insurance, you are not likely to get far off the



UNDOUBTEDLY you carry life insurance and believe you carry all that you can afford. But are you sure you have just the kind of policies that you need to do the work you hope that they will do for you? If you are one of those who cannot honestly answer this question in the affirmative, this article will help you

track in your thinking. Looking at your problem just as impersonally as you look at a task of increasing production in your factory, or paring your sales cost percentage, or raising the money to add a new line of goods, you need that amount of life insurance that will yield your family an annual income of approximately the amount of your earnings, less personal expenses, and less the income from the investments you will leave.

Policies have been bought on whim

PROBABLY this seems obvious. It is obvious. But if it were generally remembered, more business executives would select insurance policies and amounts to fit their particular needs.

Every really expert life insurance salesman knows that the business man whose situation he surveys seldom has much idea why he carries exactly the insurance he has, in exactly its present form. Most policies have been bought—more especially in the past than in

the present—from the salesman who happened along when the prospect was in a receptive mood. He bought whatever type of policy this salesman recommended. Next time he bought it was probably from another salesman who favored a wholly different type of policy.

The modern agent is more than willing to go thoroughly into the particular problems of any individual. The business man, however, is often too busy to give the company representative sufficient time to arrive at a proper conception of his real insurance needs. The agent is thus led to sell whatever he can in the hope that later on the situation may be adjusted. The result in many cases has been a hodgepodge.

Suppose now we look at some specific facts from the private affairs of a business man who earns and lives up to an income of \$7,500 a year. He is 35 years old. Of his earning capacity probably the least amount on which his family could exist is \$3,000, and an income of \$3,000 should, therefore, be

replaced by life insurance. To leave enough insurance money to yield \$3,000 at five per cent without using up the principal, he will have to provide \$60,000 in face value of insurance.

Various settlement options, permitting him under specified conditions to provide his predetermined income from a somewhat smaller face value by other uses of the policies' proceeds are available. But on the assumption of creating a lump sum estate of \$60,000, and without going into technicalities, the net cost of this insurance on the ordinary life plan will average about \$20 per \$1,000 a year, or \$1,200.

It is perfectly apparent that to this individual such an amount will seem an unreasonable proportion of his total income for insurance premiums. Yet even he would admit that the amount specified is the least on which his family can exist.

It might be mentioned that many companies today sell a contract generally known as the family income policy, under which a proportion of the premium paid is used to increase the income to the beneficiaries in the event the insured dies in, say, the first ten or twenty years of the contract. Under this contract, if the insured should die within that period, the income that would otherwise be available is practically doubled, thus carrying his family until the children are able to look out for themselves.

Insurance as an investment

THESE figures are excellent testimony as to the soundness of purchasing life insurance that gives the maximum protection per dollar of net cost without sacrificing permanency of protection. The man largely dependent on his own earnings knows that he needs every bit of insurance he can get for them with the money he can afford to use for premiums.

The main purpose of life insurance is to provide protection and while life insurance is not an investment from an immediate income-producing standpoint it contains a considerable element of investment. The insured, while protecting his family, is at the same time building up a fund that may be used for his own old age and in emergencies.

Its investment status arises from the fact that you actually build up a cash estate in your life insurance policy (except in term insurance) during the years that you carry it. This cash value consists of part of each year's premium which goes into a reserve that the insur-



The main purpose of life insurance is to provide protection but it contains a considerable element of investment

ance company sets up to reduce its own risk under the policy.

This annually increasing reserve makes it possible for the company to insure your life for the same amount year after year for the same gross premium, despite the fact that each succeeding year the mortality losses for your age group increase because of the increased age of the policyholders comprising the group.

This reserve is found in its simplest form in the ordinary life policy, the kind that requires you to pay a premium every year as long as you live. Actually, the reserve, or cash value, increases in an ordinary life policy until, when the policyholder reaches the age of 96, it equals the face of the policy, and the living policyholder, therefore, receives the sum for which he is insured.

Under other forms of insurance contracts such as endowment policies, 20 payment life, and so on, the larger deposit simply builds up the reserve more rapidly, so that the maturity of the policy, or the end of the premium paying period, is attained sooner than in the case of the ordinary life contract. The cash value of any of the larger deposit forms of policy is, therefore, materially greater at any time.

If you purchase any one of the permanent forms of life insurance (not term insurance) and either mature it or surrender it for cash after some years, you receive the whole reserve portion of your premiums, plus compound interest. In this respect a life insurance policy might be termed an investment in the same way as a savings account. The whole transaction is on a guaranteed basis; you draw out exactly what your policy promised when you received it.

A policy for every use

THERE are many specialized circumstances under which some such form of insurance investment is the choice of good business judgment. An instance is that of providing a college education for a child. If when the child is three years old the father buys a 15 year endowment policy with a face value equal to the estimated expense of putting a student through college, the child is assured this amount of money for the purpose whether the father lives or dies. Or a school teacher with 20 more years before the retirement age and dependents who by that time should be able to support themselves may perhaps be well advised to purchase a 20-year endowment or a 20-pay life policy. But these are not the purposes for which most life insurance is bought,

particularly by business men.

In fact, 71 per cent of the insurance issued last year by the company with which I am connected was on the ordinary life plan—which means that the purpose was to get the most protection for the available money. These policyholders showed judgment, if their circumstances are typical.

Term is cheapest

WITH the problem of replacing as much of their earning capacity as possible, they selected the proper tool with which to do the job. They bought ordinary life policies.

Term insurance requires a smaller initial outlay than ordinary life insurance, and, therefore, affords an opportunity for greater protection. But term insurance lacks permanence. Any cash values paid under it are so small as to be practically negligible and often are available only for conversion to other forms of insurance. It runs for a definite term of years, like a fire insurance policy, and its premium is calculated merely to cover the mortality of the group during this period, plus expenses. At the end of the term the policy expires and the insurance company has no further liability under it.

Term policies are written with various provisions. Practically all of them are convertible; the policyholder can at any time during the conversion period convert the policy to any higher premium type of contract from ordinary life upwards, without medical examination, merely by notifying the company that he desires to do so.

It is not as good business for the individual to buy term insurance as to buy one of the permanent forms of policy. In the first place, its lack of cash value deprives the policyholder of the right to borrow on his policy, because even where there is a cash value it diminishes after a certain point, and, therefore, cannot be the basis of a loan. If for some reason the policyholder is unable to meet his premium he cannot borrow from the insurance company to keep the policy in force as he could if it were on one of the permanent forms and had been in force for a short time.



Ordinary life makes up 71 per cent of the total of all life insurance

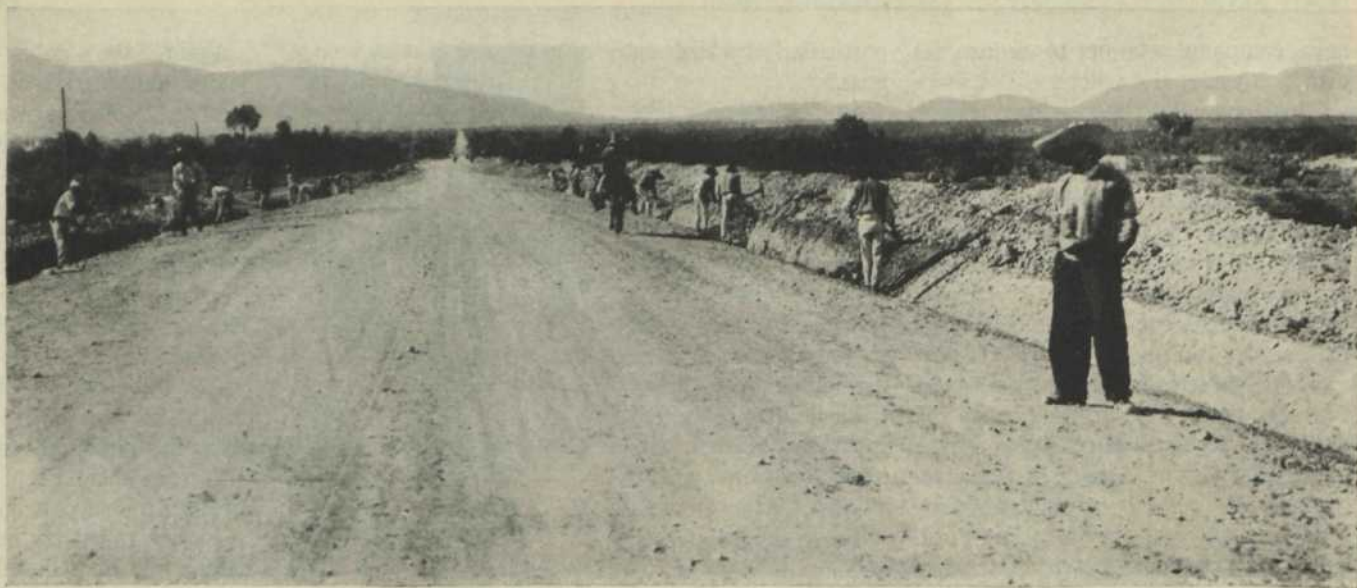
Again, the policyholder under term insurance, despite his own best intentions and the best efforts of the insurance company, is likely to let the conversion date slip past without exercising his privilege. This means that if, meanwhile, he has suffered impairment of health he cannot replace the policy. Even with renewable term insurance, the successively higher rate that he has to pay on renewal results in a higher cost over the years than if he had purchased ordinary life in the first place. And no term insurance may be renewed beyond an age specified by each company, usually 60.

Term insurance is, therefore, best fitted to specialized jobs. For example, a five-year term policy taken out at the same time and for the same amount as a five-year mortgage on a new home may be an excellent method of assuring the family an unmortgaged property if the breadwinner dies meanwhile. Or for a young man with responsibilities far exceeding his present earning capacity, term insurance may be the only means of protecting his family. But under these circumstances, he needs to make a hard-and-fast agreement with himself that he will devote a substantial part of each increase in his income to converting part of his term insurance to a permanent form. Otherwise he will come to the end of the term with no improvement in his insurance situation, possibly unable to replace the protection, and certainly faced with a larger premium to meet than if he had done his converting at younger ages.

But let us return to this question of whether life insurance is an investment. I suspect that the confused ideas many people hold on this subject arise from the belief that the one is the opposite of the other, or alternative to the other. This is not so. Savings and insurance are supplementary. When there is not enough money to provide both protection and investment, the individual must choose according to his circumstances.

When a young man on a modest salary has a wife and small children, he is

(Continued on page 136)



The Mexican is especially well adapted to common labor tasks in the desert regions

The Mexican Laborer and You

By KARL DE LAITTRE

President, Bovey-De Laittre Lumber Company, Minneapolis

MEXICAN immigrants are to be found performing common labor tasks in every state. The results of their efforts may be found, not only in your business but your home

A MERICANS in general have been inclined to think of Mexican immigration principally in terms of railroad section hands, mine workers and common laborers around industrial plants, an impression gained, possibly, from the picture framed for them by the Pullman window as they have traveled through California and other states of the Southwest. Occasionally this impression has been given a slightly romantic touch by sight of picturesque little figures reclining against adobe huts and twanging guitars in the Mexican "corrals" near the railroad tracks.

To the average citizen the Mexicans and questions arising out of their immigration to the United States have been regarded as of local concern to the people of the section adjacent to our southwestern border where the great



The Mexican, a natural cowboy, is found in numbers on southwest ranches

proportion of our Mexican immigrants are domiciled. But there is a phase of the subject which brings Mexican immigration more closely home to us—to our very dinner tables, in fact—and

emphasizes that this is a question of national scope and of intimate concern to citizens of the entire country.

This broader estimate of the im-
(Continued on page 104)

I Quit My White-Collar Position

By A FACTORY WORKER

ILLUSTRATIONS BY R. L. LAMBDIN

THIS is the actual experience of a young executive in a leading American concern. Keep it on your desk to show the next pessimist who comes to you complaining that there is no opportunity for the workman today

NOT so many years ago, if one had mentioned "foreman," my mind would have conjured a mental picture of a "hard boiled" tobacco-chewing individual, smelling strongly of perspiration, machine oil, grease and other peculiar odors. But then, I was a pen pusher with most of my earnings on my back, with grandiose ideas of success. Incidentally success then meant merely getting the breaks, plus fairly decent attention and attendance, and not too much effort on the job in hand.

With this laid down as the natural course of events, it followed that in, say, five years opportunity would find you ready and waiting for promotion to that "better job."

At that time I was chief clerk for a small rubber company. I had held the job two years. I had it because I had appeared to have some qualifications while working in one of the branch offices and had been moved in as a promotion. A fellow in headquarters had to be on his toes every minute. There were a multitude of details to handle. Individual tire adjustments, sales correspondence, dealer distribution of advertising, factory schedules, sales predictions, supervision of stock room.

There were two telephones on the desk and when rubber was scarce and the Stevenson Act working perfectly, there were many long distance calls from

frantic dealers. These were busy days and I was happy because these things provided an outlet for my energies. After rubber became somewhat more plentiful business returned to a normal state and the old routine started in again.

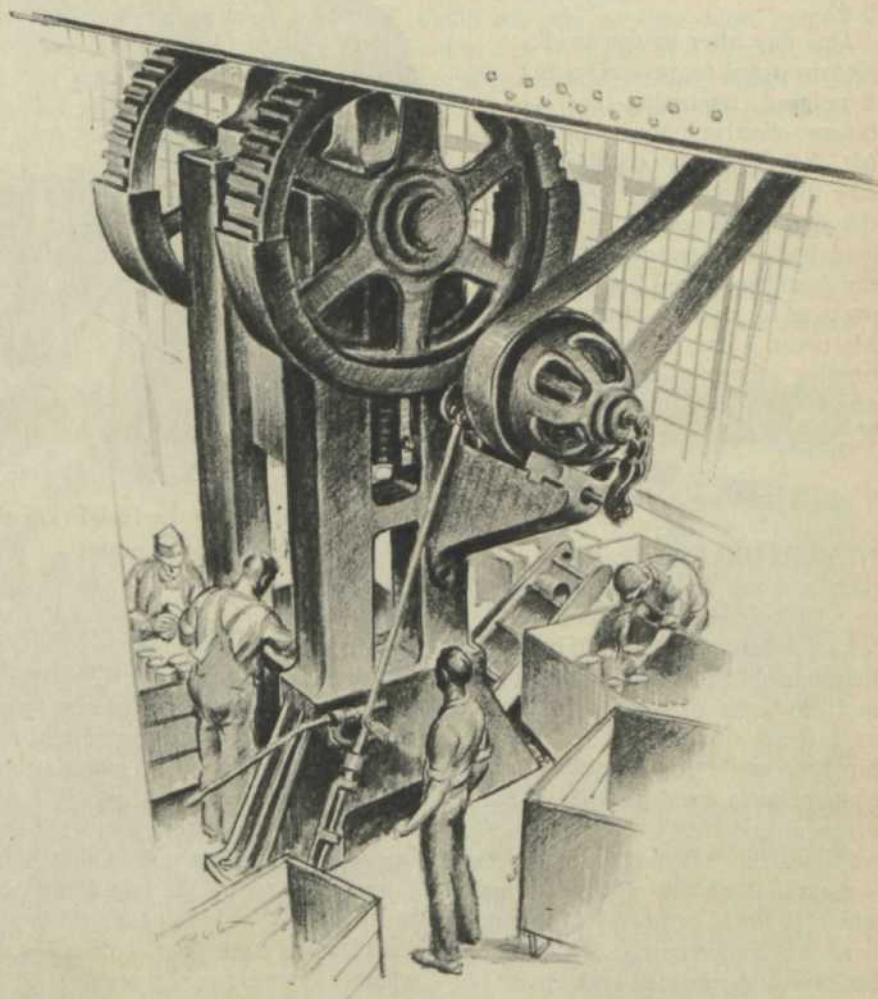
Less and less work to do

AS the company's product was sold to the wholesaler and not the retailer, we found it harder each year to retain distributors in the face of competition. Several changes in our methods of handling stock and warehousing further

reduced my work and worries. At the end of two years I found myself at the same desk, the phones still there but ringing seldom; the desk bare of orders and correspondence.

There was no morning mail to speak of, and after an hour or so of routine, ten o'clock found me with the day to kill. It was relieved occasionally by a service trip out of town adjusting difficulties.

I wasn't allowed a free hand or were my suggestions exactly welcomed. Outside work was handled by high-priced salesmen who were finding it hard



They led me to an enormous punch press and told me to find out why it didn't give production

enough to get to those whom they thought might be interested in a distributing proposition. Still I was a necessary evil. There was only one other man in the office—the sales manager, he might become ill; be away a few days and he did have to go to lunch. Besides—who would take care of the office in an emergency? In other words, a greatly overpaid office boy!

One day after having twiddled my pencil for several hours I resigned, requesting that it become effective immediately. I felt that I simply could not stay there another day. Out in the sunshine it seemed as if a load had been removed from my shoulders. True I had nothing to go to; no other prospects. Moreover, I had no particular training or profession such as accounting or engineering. Neither was I a salesman.

Hunting a job

NEVERTHELESS, a load had been removed from my shoulders. I faced the usual problem—job hunting. It was to be the same old stuff! Interviews, promises and the battle of wits to get as much as I could while I felt that whoever hired me would do so for about as little as he possibly could, making up the deficiencies in dollars with promises. Anyway, one thing was certain and that was—regardless of the next job, what or where, it would be at least with a good, live, healthy company; one that had business and intended to keep it.

I didn't believe, and still don't, in working one full week or more and turning that money over to some employment agency for doing something I should have been able to do myself. Therefore I invested a nickel in a weekly magazine and looked over the advertisements. I made a list of those companies for whom I thought I would like to work and with whom I thought there would be prospects of getting something. I studied their product; their methods of sales and distribution and most of all—their general reputation.

After some study I had a list of about 15 names, all of which had New York offices. Armed with this list I started at the lower end of Broadway and, without sob stories or ruses, obtained interviews with ten department heads. Out of these interviews resulted: (1) a



When we got down by the freight car they told me what I was going to get

traveling job in the South (2) a training course and \$25 a week with a roofing company (3) a definite promise of employment from a truck manufacturer (4) a job in a can factory.

I took the can factory job. I felt that things had been too soft and perhaps this would show me the way. Going over to the plant I had been assigned to and reaching the front door, I didn't know whether or not to go through with it, for even a block away I could hear the awful racket those cans set up. It seemed as if they made them on the top floor and rolled them to the bottom. (I found out later that in some instances they actually did this—right from automatic lines in the chute and into the freight car.)

However, I went in, was looked over, O.K.'d and told to report at 7:45 the next morning. From the old 9:00 or 9:15, this was a promotion to begin with, for I graduated from the 42 hour to the famous 48 hour week—I still hear the old-timers talk about the 54 and 60 hour week.

My introduction to factory work and life the next morning began as production observer for the assistant superintendent. They stationed me beside an enormous punch press with instructions to find out why that unit didn't give

production. To me, this was like being stationed alongside of a "Big Bertha" and told to find out what it was shooting at; every time that punch came down on a piece of tin plate it almost ruined me.

That evening I dragged my weary way home from work, my eardrums split and useless; tired, dirty and hungry, with just enough life left to eat dinner, and tumble into bed.

It seemed I had only been asleep a few minutes when the alarm clock clanged—5:45 and time to go to work again. As I tied my shoes I inwardly bid this workable job a fond farewell—pronto; at least at the end of the week. Life was absolutely too short to labor and sweat in such a manner. But, somehow, one week ran into two and soon a month had elapsed with its gradual hardening to physical fatigue. By this time I had become accustomed to the noises for they had turned to rhythms. Silence meant idleness or trouble. Later, I found that I didn't have to stand on top of a man or see him to know that he was producing; the noises told me all I

wanted to know.

Punch presses soon lost their hideousness. A newly turned out die, glistening and beautiful, became a work of art and the man that made it an artist and mechanic of the highest order. You listened to him and treated him as a gentleman; and many times as an artist. In fact, many of our master die makers had the same temperament as a poet or a violinist. All this came gradually and a new world opened.

Manual workers are human

THE machine hands and ordinary laborers, I found, were actually human beings. Tony Piazza and his compatriots were much alive to everything going on around them and, further, were very much American. Many had kids in public school and a number in high school. Many of them had medium priced cars, and some expensive cars. I found a number of them buying houses. The same ambitions and thoughts as the families I knew and associated with.

Time studies, production control, planning, materials handling and above all the successful handling of labor, or to use a better term, leadership, came gradually as I was transferred from de-

partment to department acting as inspector, timekeeper, assistant foreman and foreman. I found that one had to treat men as men; that you would not get to first base thinking that you were the salt of the earth and they—well, let's say—so many "bohunks."

I found that mechanics would object to a "Hey, you" and that they were the elite of the plant. They judged you just as quickly as you judged them. Either you were all right or you weren't. If you were, they would go out of their way to show you a trick.

All of these things gradually unrolled and I lapped them up. The whistle blew and I went to work; the whistle blew and I quit. My lunch was under my arm and I hung on the trolley straps, in what I then thought, the ungodly hours of the morning. But always with the feeling, "I am producing, I have done a good day's work." I was happy and liked my job.

All of you who have been in the service know what a swell job the first sergeant had. To the officers he was responsible for anything and everything. To the men he was responsible for long drawn out drills; bad ground for the tents, restricted "liberty," bad grub and a thousand other things. Notwithstanding, he was very much concerned for every man in the outfit and worried for their welfare more than what they did themselves.

Foreman a top sergeant

YOUR modern foreman is the "topkicker" of industry today. To the management he is responsible for all things: costs, production, morale, labor turnover, introduction of new ideas and systems and machines and on rare occasions—a reduction of the rate in effect. He has to do it! More than that he must "sell 'em the idea."

Costs are always too high. Machines are down, raw material bad, inspectors off their feed throwing everything out, two or three of your star operators get together and suddenly decide that spring is no time to work and they would much rather be outdoors.

I said farewell to cans shortly after I had won my "spurs"—that is to say—foremanship, and accepted a job in another

factory. While not in exactly the same line, it was so closely allied that my training was valuable and stood me in good stead. The increase in salary was substantial; so much so, I should have questioned it at the time for I really didn't have enough experience or background to warrant the jump in pay. Perhaps it was simply the ego of youth having me believe that I really was a "humdinger."

I soon found out what the reason really was and have often wondered since if it had been exactly fair on their part. The new job was in a factory, a mean little place down on the waterfront in a neighborhood infested with bootleggers, gunmen, roughnecks and every type of hard guy there is or ever was. Often it seemed to me as I passed through the streets that the dregs of the entire city could be found right here. Hardly a day passed that someone

didn't meet with rough treatment, even death.

This was the environment and most of the help in that factory lived within a radius of a half mile. When I accepted the job I knew nothing of this. In the interviews nothing was mentioned except that everyone belonged to a company organization and it simply was one big happy family. After being shown around the plant and introduced to various heads of departments, who incidentally, didn't act like one does when greeting old or new members of a family, I was brought to my department, a door opened and then thrown into the lion's den.

Petty politics in the factory

NATURALLY I went slowly; merely observed and felt my way. It didn't take long to find out that the whole thing was being run by certain cliques



In a month or two I had become hardened to physical fatigue and the noises had become rhythms, silence meant idleness and trouble

who had complete command of the situation and I could see a good fight in front of me. A number of men had formed their own private "mutual protective organization" and any new worker coming in regardless of how much he wanted to work, was told that his daily task was so much and if he didn't stay within the quota he would be knocked for a loop.

Election time for the organization came around and word went out that so and so was to be elected as a representative at large. Whoever it was would be elected.

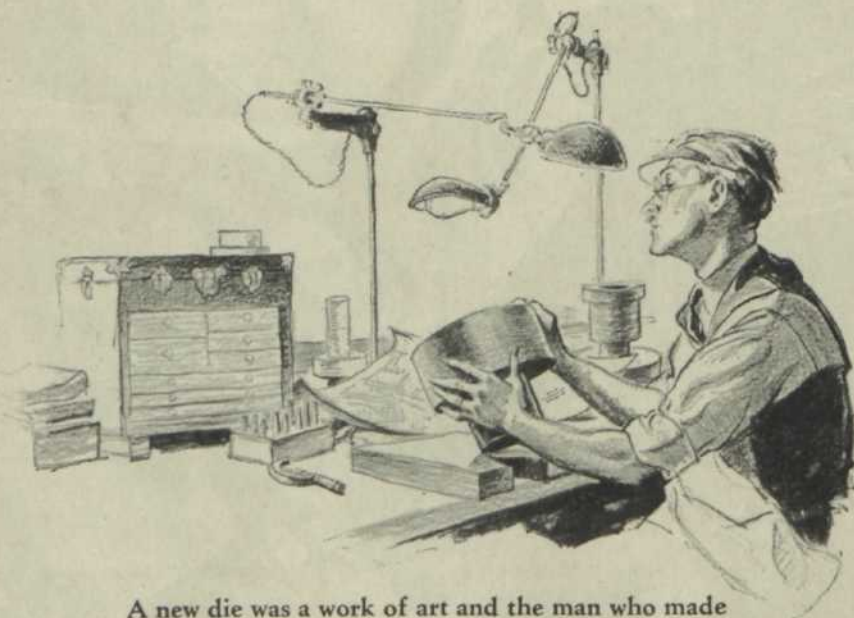
Watching the workings of this organization led me to believe that if I was to produce and be a good foreman, I could count on no support from this source. I did nothing to oppose it nor did I stand in the way of any improvement. At one time I served as secretary of the workers' council, chairman of the welfare committee, of the safety as well. Each meeting was allotted an hour. As chairman of these committees I was required to be off the floor more hours than I thought good for my department. I was annoyed at the excessive amount of clerical work these activities required.

payment has been used in industry in general, it was surprising to learn that practically the entire plant was operated on hourly rate basis; stranger still when the work was ideally suited to the piece work method. This was one of the reasons I had gotten the job. The company was going to change its method and I was elected. Had I known the pitfalls facing me I think I would have begged off and run along home. But I didn't. I saw a chance to cover myself with glory and off we went. I submitted tentative rates for consideration and study, which, after some revisions, were put into effect.

The clique opposes piece rates

THE rates were introduced but were not accepted. The toughest clique rejected them loud and vehemently. They would not even consider a trial. They wouldn't understand or try to. Then began the subtle means of winning their fight. The production slowed up; three or four machines would stop without apparent reason. Something wrong—what?

"I dunno," would be the reply.



A new die was a work of art and the man who made it an artist and mechanic of the highest order

I found a tendency to drag out the allotted hour with trivial matters in what really seemed to be a plain dodge from returning to the machines.

This continued until one day I decided to put in that time in developing my own department and I resigned from all except the council.

Considering the success of piece work and the length of time that method of

The head of the press might loosen up shearing the punch. Spoiled work, tardiness in starting at the proper time. Men hired in the morning would not come back from lunch. Committees didn't help me much then. One of the key men was so interested in the organization and playing politics to further his own ends that he could not get a mechanic to you when wanted.

Loss of production, friction and numerous other things were really hurting production. I could feel that a show down was in the offing; either I was going to be a darn good foreman or I was going back to pen pushing and consider myself "licked."

At the end of one particularly hard and trying day, I took longer to wash up than usual. Coming out in the street, right at the door, here were three of my prizes. They made rather an ominous reception committee. A few feeble lamps cast a forlorn light on the street; it was entirely deserted. A freight car stood down the track about 20 feet away. Things didn't look very inviting. I knew what was coming, I knew that I was about to get one of the best beatings of my life and I have had several. I also knew that the next day I would be out of a job or in full control of the one I had.

The spokesman said, "We've been waiting for you, come down here," thumbing in the direction of the freight car. I had one choice and that was to go on down to the freight car. I went.

Arriving there, they told me without wasting much time what I was going to get. Taking off my overcoat I replied that it was O.K. with me but after they had beaten me to the desired state, what then?

Continuing I said, "After all, I represent the company and authority."

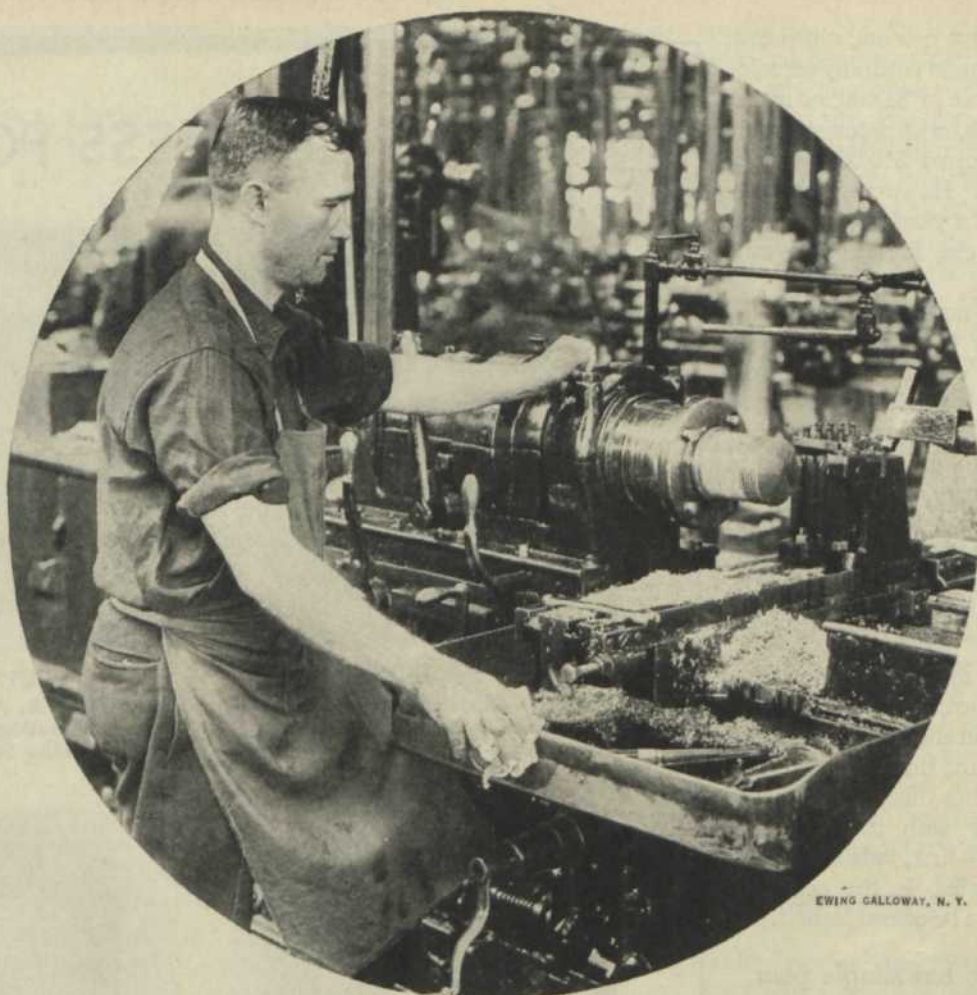
Loses both ways

WHAT they were going to do would be known the first thing in the morning and did they relish or had they thought of six months or so on the "Island"? Further, the company would spend \$5,000 to put them there if necessary. They hadn't thought about that part of it and the situation then developed into a lusty argument. They wavered and finally we all walked to the street car. They watched me get on and it was all over.

Once on the car, I settled back in the seat with a good hearty "whew," to mop a mighty feverish brow. I knew I had won.

Two of the original trio didn't show up next day. The one that did was promptly fired! After that I was the foreman on that floor; the piece rates went in and were entirely successful. The men actually made more money than under the old scheme. No one was oppressed or overworked. After this victory had been digested I went after one particular committee strong. I found that by getting up at meetings and ac-

(Continued on page 110)



EWING GALLOWAY, N. Y.

Human machinery depreciates just like other machinery

The Trustee Annuity Plan at Work

By HENRY E. JACKSON

President, Social Engineering Institute, Inc.

IT has taken a long time but employers are now beginning to realize that the depreciation of human machinery is a proper charge against production costs. Acceptance of this basic, simple idea has stimulated a wider interest in and study of industrial pensions.

This subject is complex. A scientific pension plan involves so many factors—its combination of mathematics and human values; its relation to life and disability protection; its effect on labor turnover; its essential connection with production; its relation to present unknown pension costs; its use of a preventive medicine program—that no industry should run the risk of attempting to draft its own plan without the assis-

tance of someone who knows the subject.

And yet, in the past, most pension plans have been home-made without guidance or have been copied from other plans that were made without guidance. As a result they are almost invariably unsatisfactory in operation, unsound financially, involve unknown and dangerous commitments and yield

too small a return for the money.

It is a curious fact that the simple way of doing anything has always been the last thing discovered and is the result of laborious effort. This is true of industrial processes. It is true also of pension plans.

If an employer knew that in ten years he would have to replace a worn-out

- **MORE** and more the employer is feeling his responsibility to the worker. Last month E. S. Cowdrick told in *NATION'S BUSINESS* what some companies are now doing to protect the worker when they find it necessary to release him from the pay roll. Mr. Jackson tells here specifically what one big concern is doing for the man who grows old in service

steam engine with a new one which cost, say \$10,000, he would naturally set aside each year a reserve of \$1,000, or rather an amount which, with interest, would produce the required \$10,000—that is \$757.17 a year. He would properly charge this off as a yearly operating expense. Nothing else is safe and sane financing.

With human machinery, the same principle applies but in the opposite direction. In the case of the steam engine, the \$10,000 is needed to buy a new machine; the old one can be scrapped without damage to any one. In the case of human machinery, the money is not needed to install a new machine but to scrap the old one because of its inefficiency. The difference arises from the fact that human machinery is machinery with a soul.

This parallel indicates that industrial pensions, then, are not primarily an actuarial but an engineering problem. It seems clear to me that this is so. The engineer approaches this problem as he does every other with two questions chiefly in mind—first, what are the facts? Second, what is the common-sense conclusion to be drawn from them?

Westinghouse has simple plan

THIS approach has relieved the subject of industrial pensions of much of its complexity. It is the method used in drafting the new Westinghouse annuity plan, recently adopted by the Westinghouse Electric & Manufacturing Company. As a result the plan is understandable, which is as it should be if John Doe is to play his part in the effort to solve this troublesome problem. The plan is contractual and cooperative.

Organized as it is on a reserve basis, the plan assures all employees that they will receive their annuity for life whatever may happen to the Westinghouse Company. Through the cooperative feature, the cost to the Company is cut in half and the employee receives twice what he pays for. On this basis the plan is designed to yield an employee on the average, for a normal period of service, a retirement income equal to one-half his average salary. But it leaves the way open for him to acquire a life annuity much larger than this.

The element of simplicity will be manifest by an exhibit of a few of the distinguishing features of the plan. An annuity unit is one which yields an income of one dollar per month, beginning at retirement age and lasting for life. These units are deferred annuities which will yield the specified income at retirement age—65 years for the majority of

BUSINESS FOLK IN



TO PRINT CLASSICS

Walter P. Chrysler, Jr., son of the automobile maker, heads Cheshire House, Inc., a new publishing firm



RETIRES

Commodore A. A. Schantz retires from the presidency of D. & C. lake lines after 50 years of service



AIR BARON

J. A. Richardson, grain broker of Winnipeg, controls the far-flung Aviation Corporation of Canada



SHIFTS

George Palmer Putnam disposes of interest in G. P. Putnam's Sons, joins Brewer & Warren, publishers



COMMISSIONER

Dr. J. L. Coulter is named a Republican member of the new Tariff Commission by President Hoover



ALSO NAMED

Thomas Walker Page, a Democrat, has also been appointed as a member of the new tariff commission



THE MONTH'S NEWS



EYE AND EAR

William S. Hedges, president of WMAQ, takes television out of the laboratory by regular broadcasts



BUSINESS BOOMS

New York, Philadelphia & Washington Airway sets passenger mark. The president is N. S. Ludington



BACK AGAIN

W. C. Durant, returning to presidency of Durant Motors, plans to make French midjet automobiles



COTTON LEADER

Ward Thorn is chosen as the new president of the National Association of Cotton Manufacturers



NAMED TO BENCH

David H. Kincheloe, of Kentucky, 16 years a congressman, is made a justice of U. S. Customs Court



NEW CHIEF

I. Lamont Hughes succeeds William G. Clyde, resigned, as president of the Carnegie Steel Company

employees. The method of paying for them has been simplified for both Company and employees. The full amount required each year for an employee's scheduled number of units is paid in 12 monthly deposits, completing the transaction each year. The advantages of this method are far-reaching.

The Company, as its share, distributes these units according to a percentage schedule of benefits which assures each worker, on an average, an annuity of one per cent of his yearly salary for each year of service. For example, a worker getting \$1,200 a year gets one annuity unit each year. A \$2,400 worker receives two units each year, a \$3,600 worker three units and so on to the \$7,200 worker who receives six.

But a few lower salary classes receive more than the percentage schedule of benefits and a few higher salary classes receive less. This result is achieved by assuming, for purposes of the plan, that no employee receives less than \$1,200 a year or more than \$7,200. Thus one annuity unit is the least any worker can receive and six the most.

All employees benefit

THE benefits are extended to all the Company's 50,000 employees and new employees are eligible to participate after being with the Company one year.

By the contractual agreement, the Company volunteers to do its share, irrespective of what an employee may do, but employees are encouraged to buy additional units for themselves—which they may do through monthly installments. And those who buy each year as many units as the Company provides receive as a bonus one-quarter unit for each unit so bought. The method is to reward men if they do, not punish them if they don't.

A new type of annuity bond or certificate has been prepared in keeping with the new type of plan. These bonds cannot be negotiated or used for any except their intended purpose and the income from them is not attachable for debt. They simplify the plan's operation, encourage employee participation and their flexibility enables an employee to adjust his schedule to his own needs. These certificates are issued at the close of each employee's year of service.

As the ending of service years among groups of employees naturally falls in every calendar month, the distribution of certificates is continuous through the year. This gives John Doe a sense of the reality of the plan. He may buy more certificates some years and less in others as his need may require. He may also

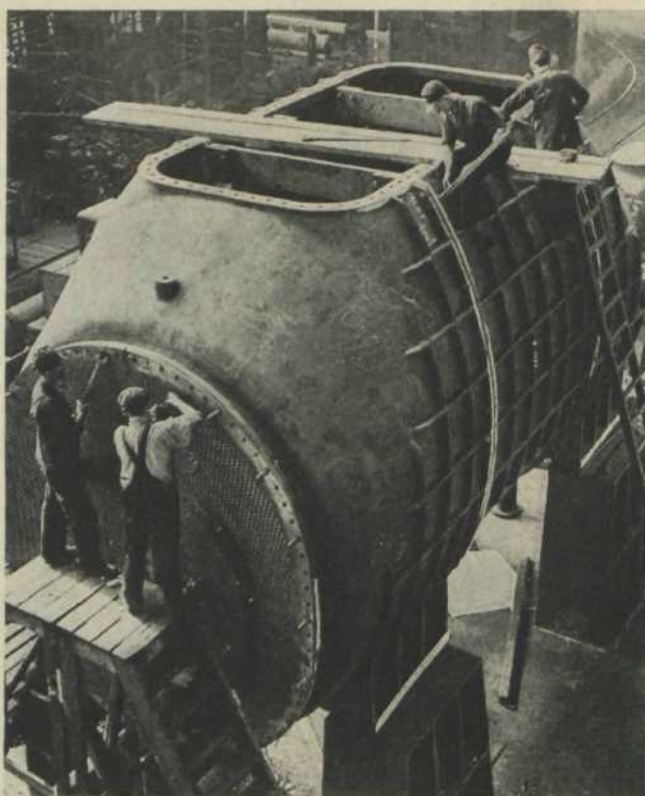
buy his full quota of annuity units in the early part of his term of service when he is younger and the cost is lower.

This new type of certificate also provides a clear and continuous record for the Company and the employee of the definite amount of annuity income he will have to his credit at retirement.

Although the Company's part of the plan is operated by Westinghouse itself under a common law deed of trust administered by a board of trustees, with a bank acting as custodian of the funds, the employee's part of the program is underwritten by an insurance company. The workman pays less for the employee annuity units than he would pay to obtain the same protection in other ways because he has the advantage of group rates.

How it works

LET us see how the plan works. An employee is 34 years old. He is in class A; his wage is \$100 a month. He has 31 years to go before retirement age. After his first year of service, the Company gives him one annuity unit for each year of service. When he is 65, then, he will have 30 units. If he



COURTESY, WESTINGHOUSE COMPANY

Westinghouse employees assembling a large surface condenser



SINCE this article was prepared, Westinghouse has extended the plan described to three subsidiaries, the Westinghouse Lamp Company, Bryant Electric Company and Westinghouse Electric Elevator Company

buys one Employee annuity unit each year for himself, he gets seven and one-half Company annuity units as a bonus.

Thus, at retirement age he will have $67\frac{1}{2}$ units which will give a life income of \$67.50 a month. If he should buy up to 30 more Employee annuity units, this would make his monthly income for life \$97.50, or, if he has dependents whom he wishes to protect in case of his death, three other optional forms of payment are available.

Not stopped by firing

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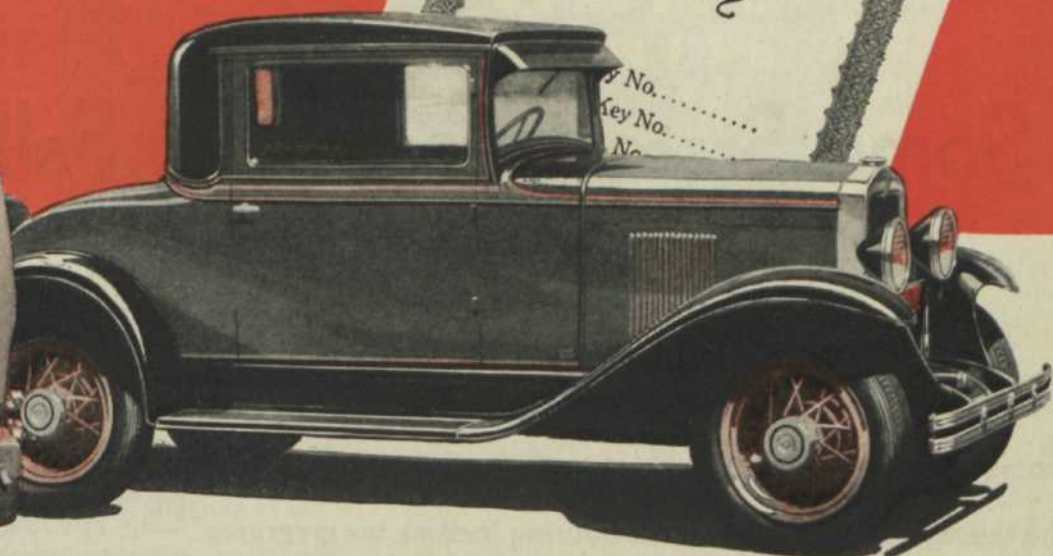
(Cont. on page 142)



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Illinois is voting on an
income tax amendment

Some State Income Tax Fallacies

By GEORGE T. ALTMAN

George T. Altman & Co., Certified Public Accountants

DECORATION BY A. STAEHLE

● Some experiences which will interest you if your state is one of the twenty or more that are considering income tax measures

THE fact that the voters of Illinois are to decide this month the fate of a proposed income tax amendment to the state constitution provides a new focus of public interest in the pros and cons of income taxes under the administration of state governments. Nor is it only the question of a state income tax that is brought into notice; for the proposed amendment contains a limitation which will affect the entire fiscal structure of the state.

As approved by the state legislature, there is nothing in the proposed amendment to limit the amount of income taxes that may be collected. But after a tax has been collected, it must be spent or distributed. Under the proposed amendment the state may retain not more than 15 per cent of the proceeds of an income tax; the remainder must be distributed to the counties. But that is not all. The distribution to the counties must be in proportion to the amount collected from each. Thus each county will get back, or expect to get

back, 85 per cent of the income tax paid by its own taxpayers.

It is in this method of distributing the proceeds that the problem lies. In the first place, the method is not as simple as it seems. Of all the states that have thus far levied an income tax, only Wisconsin has attempted to return a part of its proceeds to the various subdivisions of the state on the basis of the amount collected from each.

Attempts to distribute taxes

NEW HAMPSHIRE and Tennessee, it is true, also use a variation of that basis of distribution. But in both these states income tax so distributed applies only to interest and dividends received by individuals. The proceeds are small, and only the residence of the taxpayer must be considered. After a fashion, New York also uses that basis of distribution in connection with its corporation income taxes; but only after a fashion, for the actual operations of the companies are not considered.

In Wisconsin, however, a genuine attempt is made to credit the income at its source. And in Wisconsin, the attempt to return to each political subdivision of the state a like percentage of the income tax which that subdivision produced, has resulted in insolvable difficulties. After 19 years of thus distributing the income tax, the Wisconsin Tax Commission is advocating a change to "avoid the confusion and oftentimes inequitable result that now obtains."

If the income is to be credited at its source, where is the source? Is it the county in which the taxpayer lives? Or is it the county in which the income was earned? And if so, where was it earned? These questions can produce many intricate situations, which even arbitrary rules can fail to simplify, and many distorted results, which even political speech will fail to justify. It is task enough to make such an allocation of taxable net income between one state and another; it is only adding to confusion to require that same allocation among the political subdivisions within a state.

Assuming, however, that the difficulties can be overcome, that the theoretical basis of distribution required by the proposed Illinois amendment can be followed with entire feasibility, what

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will the proposed amendment accomplish? Will it afford that tax relief to the agricultural areas which was the underlying purpose for which it was drafted?

By tax relief to the agricultural areas is meant, of course, the substitution of a city-paid income tax for a part of the country-paid property tax. That income taxes are largely paid by the urban centers is indicated by all income tax statistics. But the property tax is more impartial; it takes its toll from the farm as ruthlessly as from the city. Consequently, to replace a part of the property tax with an income tax would mean, on its face, to reduce the tax on the farm altogether.

It is just there that the proposed income tax amendment to the Illinois constitution raises questions of first importance. From the 85 per cent to be returned *pro rata* to the counties, the agricultural areas will receive very little because they will have paid very little. As to the 15 per cent to be retained by the state, that will probably replace a fair proportion of the state property tax. But even the entire state property tax is only a small factor—a mere seven per cent of the total property tax. The other 93 per cent is levied by the counties, cities, school districts, and other political subdivisions and they will be unaffected by the income tax proceeds retained by the state. As a consequence, the income tax, as distributed under the proposed amendment, will have but slight effect on the property taxes now paid by the agricultural areas.

33 per cent to save 6

YET for that slight effect industry will have to pay. For only a six per cent possible saving in the property taxes paid by Illinois agriculture, at least 33 per cent will be added, under the proposed amendment, to the income tax burden already borne by Illinois industry as a result of the federal levy. Perhaps the local property tax will be reduced—and perhaps it will not. But it is readily apparent that the 85 per cent clause will create the situation of a \$100 tax for every \$15 that is needed.

Such is the method of distributing the income tax proceeds proposed in Illinois. Illinois will, of course, serve as an object lesson to the 20 or more states that are now seriously considering a state income tax. Yet the state income tax is not new. It is already in force in 20 states; and several of them can show years of experience with other methods of distribution which satisfy the requirements of the tax-spending

bodies and stand on a solid foundation of taxation principle.

The most simple method of distribution is, of course, no distribution; that is, retention by the state of the entire income tax proceeds. Such is the method of North Carolina, North Dakota, Virginia, and several other states. The method is not only simple, but true to principle. The state can easily determine the rates according to its own needs; it does not have to reconcile them with the differing requirements of its political subdivisions. Yet indirectly the state is helping those political subdivisions, for it can reduce its own property tax, and even take its hands off the property tax altogether. Thus the cities, counties, and other subdivisions will have the property tax all to themselves.

Distribution by requirements

IF EVEN then the property tax fails to yield the revenue which the political subdivisions of the state require, a part of the income tax proceeds can be distributed by some method which will have due regard for those requirements. Not that the property tax rates cannot be increased, if necessary; but those rates can become extremely oppressive, particularly since property is no longer the sole index of tax-paying ability. Moreover, the personal property tax has become a doubtful source of revenue altogether. As a result, it is not untimely to look to the income tax for increases in governmental revenues; but the tax must be distributed to supply those revenues where they are required.

In New York, for example, the state retains half the proceeds of the personal income tax and half is distributed to the cities and towns on the basis of the assessed value of their real estate. This method of distribution comes fairly close to the needs of the localities to which the tax is distributed, since the assessed value of real estate is more nearly proportioned to the revenue requirements of the different localities than is income, especially when the graduation of the tax rates applied to income is considered. Thus the New York personal income tax, collected on the basis of ability to pay, is distributed to the cities and towns on the basis of their revenue requirements.

But even this method is far from perfect. Although real estate value is better than income as an index of a city's or town's revenue needs, even real estate value is no unerring guide. This is attested by the variation in local tax rates, after all other factors are accounted for.

Then again, any distribution which does not determine how the money shall be spent raises a serious question of equity. There is no reason why the people of one town should, through the process of tax collection and distribution, pay the automobile expenses of the mayor of another town.

This governmental communism is really out of place among American institutions. It is only, and directly, to the agencies of government that are recognized as functions of the state that taxes levied by a state should be distributed. If education is such a function, then the money should be distributed to educational aid and so controlled as to achieve in each community the standard which the state has assumed to maintain.

It is to Massachusetts and Delaware that one may look for the ideal of direct distribution. In Massachusetts about one-fifth of the total income tax proceeds is distributed directly to the aid of schools. The remainder is distributed on the basis of the state property tax, which is much the same basis as in New York. Delaware, on the other hand, uses its entire income tax for school purposes.

Looking back over the methods of distribution of the various states, a simple and equitable composite suggests itself. Let the income tax be used, first, to replace the state property tax. This will afford some relief to agriculture. At the same time, it will give the local governments greater access to revenue from the property tax. Furthermore, it is simple; the burden of distribution is eliminated.

Excess should help schools

THEN, if the income tax produces more than is required for state purposes, let the excess be used to increase the state aid to schools. This will reduce the burden of education on the local governments, and provide a means of maintaining state standards of education.

Those two purposes, replacement of the state property tax, and state aid of schools, are enough for any state income tax. There is surely no justice in knocking the taxpayer down and kicking \$100 out of him for every \$15 that is legitimately required. No tax should be levied unless it be for a proper concern of the levying government; and it is up to that government to see that the tax is so applied. Otherwise, taxation degenerates into a mere means for redistributing wealth. Redistribution of wealth may be all right, too; but it should be called by its own name. It is beyond the field of taxation.

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The Map of the Nation's Business

By FRANK GREENE

Managing Editor, Bradstreet's



Business conditions
as of October 1

SEPTEMBER was a many-sided month in the number and character of its various movements, with results so varied that it would be hard to recall a thirty-day period which was more irregular.

For one thing it witnessed an outburst of belated liquidation in stocks on which new low levels for the year were touched. This was followed by a smart rally, but early October saw renewed weakness and other lows established.

September also witnessed even sharper downward movements in the commodity index numbers, especially those of farm products. On these the lowest prices in 15 years were scored, to the accompaniment of almost panicky movements in wheat due to the "Russian scare" which evaporated almost as quickly as it started.

Partly because of the sympathetic break with wheat in other farm produce,

ALTHOUGH a number of set-backs to trade and industry developed during September, the end of the month saw indications that fall buying had gotten under way and that there was enough business being done or in prospect to warrant cheer. August, it appeared, saw the bottom of the business year

and partly because of renewed weakness in other commodities—some imported and some the products of domestic mines or mills—the month saw the so-called stabilized commodity-price index numbers lowered to levels not touched since October, 1915.

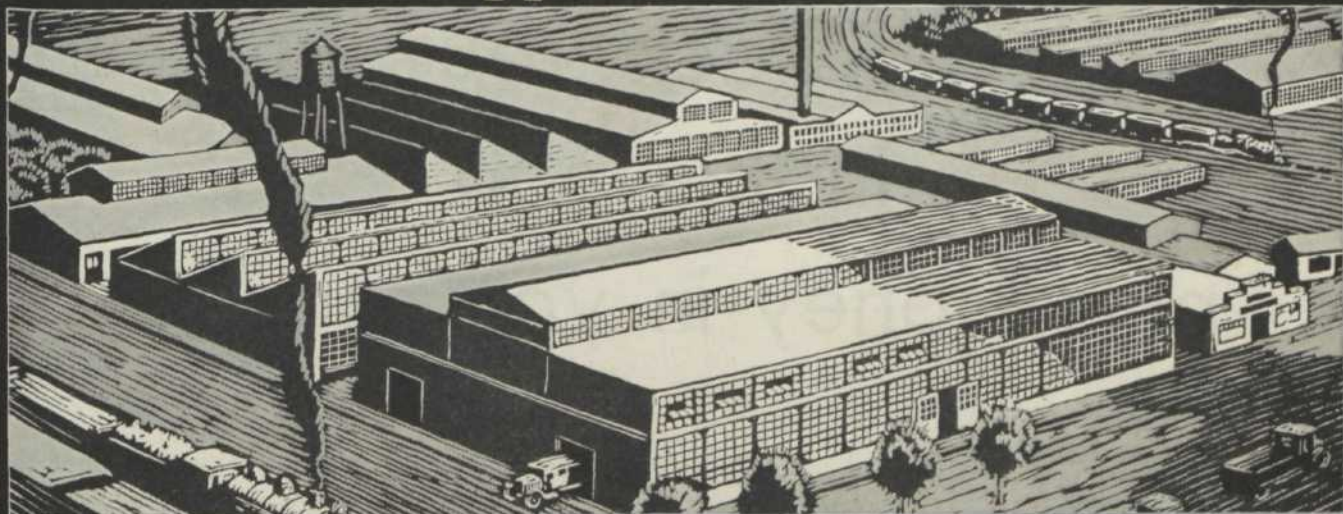
One feature in the semi-speculative markets was the continued rise of the market for high-class bonds, a movement noted for months past and having its mainspring in the lowest rates for money registered since the beginning of the World War. Last but not least, Sep-

tember as a month saw the real beginning of rather belated fall trade with the consequent livening up of industries catering thereto. However, it also witnessed this trade checked, first by return of midsummer weather and later by the weakness for the time being in the markets for securities and for farm products. This latter condition prevailed to such an extent that a less-than-expect-

ed, and probably a less-than-seasonal, movement was registered in bank clearings, carloadings, railway earnings and other measures.

Nevertheless and notwithstanding all the drawbacks of the month, the situation seems to be that fall buying has actually developed and that the trade ship is off the shoals of midsummer lethargy. If another metaphor may be employed, the bottom to all appearances has had its final "scraping." Whatever future disadvantages and drawbacks may develop, it has been demonstrated

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that there is a volume of trade to be done, at a price perhaps, but enough done or in prospect to hearten the business world.

Also, while it is early to speak of September trade and industrial volume, it seems as if August saw the bottom for the year. Finally it may be said that conservative opinion seems now as heretofore to be content to labor and wait rather than to rush into print with predictions setting definite dates for full resumption of operations in the country's trade and industries.

The movements of prices of various kinds in September were so varied as to deserve extended notice. The stock averages, as above indicated, made new lows for the year and the rails, as in June, went below the November low a year ago, whereas industrial stocks did not go quite as low as during November last. The low points in stocks for the time being were reached on the last day of September, with a gain on the rally projected into October. Bond averages gained about three-fourths of a point in September and seem to have held this.

In commodity prices the index number of 96 articles as of October 1 showed a decline of 1.2 per cent from September 1. This marked the lowest level since October, 1915 and a drop of 18.9 per cent from October 1 a year ago. The October 1 decline, by the way, was the eleventh successive decline shown on this movement, which began November 1, 1929. The declines scored in 1920-21 numbered 16.

New low levels

WHILE a long list of decreases of individual prices—36 out of 96—was shown from September 1 to October 1 against only 13 advances, the spectacular breaks included most farm, and some nonfarm, products. Thus wheat reached the lowest price since 1907; cotton broke to the lowest point, 10.3 cents, in 15 years, and copper fell to 10 cents, the lowest since 1896. Raw sugar, less duty paid, reached the lowest level ever recorded, as did rubber.

At the lows of late September the shrinkages of leading staples from levels of a year ago were enormous. Thus rubber sold 60 per cent off

from the year before; raw sugar, less duty, rye, coffee and silk showed 52 to 50 per cent cuts; cotton, 45; copper and wheat, 42; lambs, 40 per cent; eggs, tin, zinc and wheat flour, 37 to 30; print cloths, 29; refined sugar, 20; oats, 23 per cent; butter and beef cattle, 16; and corn, 15 per cent. Hogs declined less than 10 per cent and lard only 2.5 per cent.

The decline in wheat in September was, to say the least, spectacular. The September 1 estimates of yield by the Department of Agriculture were raised a trifle and the Department furthermore was credited with issuing an estimate of a 6.6 per cent increase in the world's crop in 1930.

The market held fairly well, however, until the Secretary of Agriculture announced the discovery that Russia had sold wheat short in Chicago. This precipitated a break of 8 to 10 cents in futures and some cash prices. After explanations that the amount sold was relatively small and that the short sale was a hedge against future shipments, with trade reports that Russia

would not have over 50,000,000 bushels to sell, the markets rallied sharply to only about 5 and 6 cents below the opening of the month. The gain was increased slightly early in October.

The Winnipeg market was likewise affected, October wheat selling at 68 cents, the lowest price paid for that month's wheat since futures were first dealt in in 1906.

Export trade turns upward

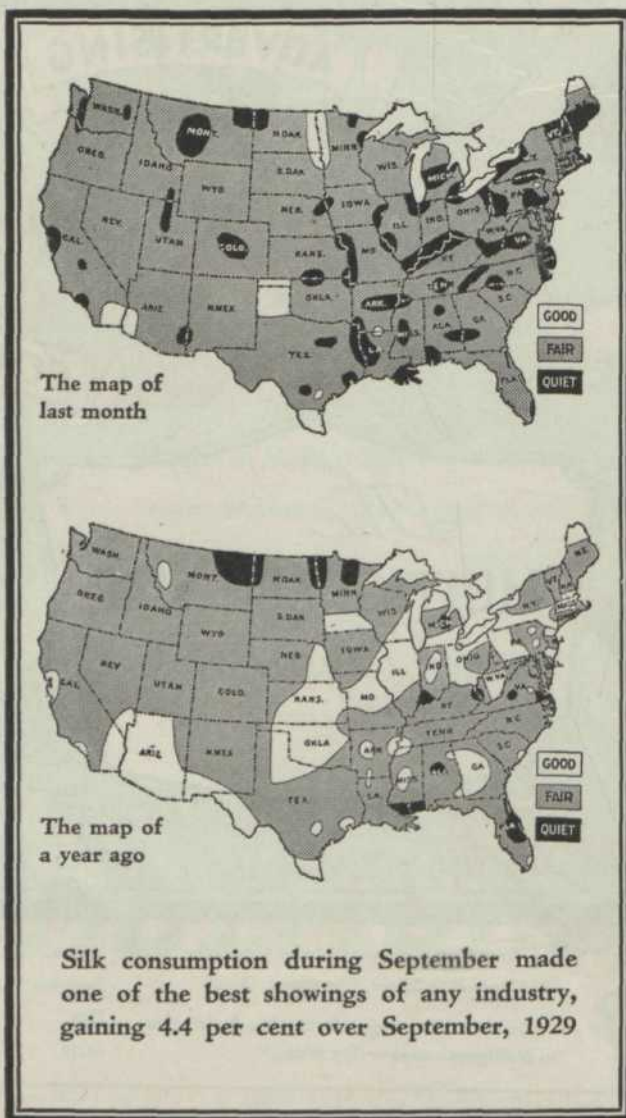
THAT the lower prices of cotton, wheat, copper and other products—hurtful enough in all conscience—may have a favorable side, will be discovered if reference is had to recent export-trade returns. Thus July showed a gain in wheat exports—they were the largest since November last, in fact—and August showed the largest total exports of wheat and flour, reckoned as wheat, combined since September last. Cotton exports were the largest in value since April and the largest for August since 1927. These two commodities in August, with crude petroleum, in fact accounted

for the upward turn in export trade over July and furnished the entire gain over the seventh month even if, due mainly to low prices, exports as a whole fell 21 per cent and imports 41 per cent below those of August a year ago.

The returns of September movement available as this is written are not numerous and few are of real importance as trade and industrial indexes. Bond sales on the New York Stock Exchange in September exceeded by 5.4 per cent those of September a year ago. This, by the way, was the first gain since April. At the end of September sales for the year were only 2 per cent below the total at the same date a year ago, the one conspicuous effect traceable to low money rates.

Silk consumption in September, that is approximate deliveries to mills, stepped out sharply with the largest total since January, and registered a gain of 4.4 per cent over September of last year. Consumption for the nine months was only 14.7 per cent below the first nine months of 1929, one of the best showings of any industry.

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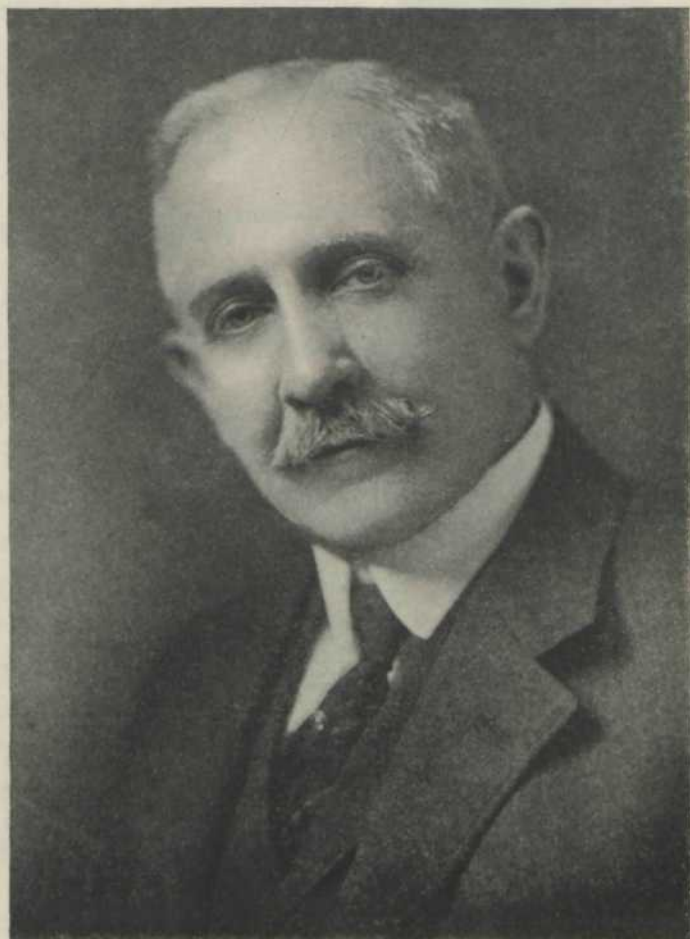
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week of September fell off from those of the second week—something which has not happened often in September. The three weeks of that month showed a decrease from a year ago of 16 per cent, as against a decrease of 16.6 per cent in the full month of August and 14.5 per cent in July. The decline for the year to date is 11.6 per cent and the year's loadings to mid-September, according to *Railway Age*, are little different from those of 1920, a period of ten years ago. The indications for total August gross earnings of railroads are for a decrease of 20.4 from 1929.

Chain-store sales in September showed a decrease of 3 per cent from those of September a year ago. The total for the nine months still showed an increase, the gain over last year being 1.0 per cent. August sales decreased from those of August a year ago 5.9 per cent. The gain for the eight-months period was 1.5 per cent. In September a year ago there was shown an increase of 20.8 per cent over September 1928, while for the nine months the increase over 1928 was 27.2 per cent.

Department-store sales down

DEPARTMENT-STORE sales in September and the first nine months of this year showed decreases of 7 and 6 per cent respectively from like periods of last year. For August and the first eight months of this year, the decreases were 11 and 6 per cent respectively. In September a year ago department-store sales showed a gain of 1.9 per cent over September 1928, while the increase for the nine-months period was 2.8 per cent.

Business failures in September increased 8 per cent over August and 33.7 per cent over September a year ago, with the September total the largest for that month on record. Liabilities for September decreased 1.0 per cent from August but were double those of September a year ago, although 20 per cent below the record total of September 1920.

For nine months of 1930 failures were 20.7 per cent ahead of those of 1929 while liabilities were 42.6 per cent larger. Compared with the hitherto peak year in total of failures, 1922, the present year shows an increase of 3.9 per cent while the increase in 1930 over the hitherto peak year in liabilities, 1924, is 19.2 per cent.

Reduced production of automobiles was indicated for September. The best estimates are that the 223,046 cars and trucks turned out in August would not be equalled, and that possibly the output would be about half that of October

a year ago, which was 415,912 cars and trucks. If correct this points to a decrease of 49 per cent from September a year ago, with the year's output 37 per cent below 1929.

Building—that is ordinary house, office and store construction as opposed to big engineering projects, public road and other non-strictly building—did better in September. Thus 190 cities reported a gain of 6.5 per cent over August while 21.8 per cent below September a year ago. This is interesting as showing the first gain shown in September over August building since 1917. Also this gain was not accounted for by New

York City but was furnished by the middle Atlantic, central-western, north-western and Pacific and mountain state cities. The decrease in building from a year ago to October 1 was 45.2 per cent.

Steel production in September fell 7.3 per cent from August, and 36.7 per cent from September a year ago. It was the smallest output since September 1924. For the year to date the decrease is 24.6 per cent. Pig iron production for September was also the lowest since September, 1924, falling 6.7 per cent from August and 34.8 per cent from September, 1929. The decline for the nine months of 1929 was 21.3 per cent.

Business Indicators

Latest month of 1930 and the Same Month of 1929 and 1928
Compared with the Same Month of 1927

	Latest Month Available	1930	1929	1928
<i>Production and Mill Consumption</i>				
Pig Iron	September*	85	126	110
Steel Ingots	September	84	138	127
Copper—Mine (U. S.)	August	84	117	114
Zinc—Primary	September	85	112	103
Coal—Bituminous	September	92	111	105
Petroleum	September*	95	115	101
Electrical Energy	August	120	125	112
Cotton Consumption	August	59	90	83
Automobiles	September*	77	167	171
Rubber Tires	July	78	119	125
Cement—Portland	August	97	101	102
<i>Construction</i>				
Contracts Awarded—36 States—Dollar Values	September	63	89	117
Contracts Awarded—36 States—Square Feet	September	61	92	118
<i>Labor</i>				
Factory Employment (U. S.) F. R. B.	August	84	103	99
Factory Pay Roll (U. S.)—F. R. B.	August	79	107	100
Wages—Per Capita (N. Y.)	August	97	103	100
<i>Transportation</i>				
Freight Car Loadings	September	85	104	102
Gross Operating Revenues	August	84	105	100
Net Operating Income	August	80	119	108
<i>Trade—Domestic</i>				
Bank Debits—New York City	September	75	152	117
Bank Debits—Outside	September	91	110	100
Business Failures—Number	September	125	100	104
Business Failures—Liabilities	September	143	104	104
Department Store Sales—F. R. B.	August	89	100	96
Five and Ten Cent Store Sales—4 Chains	September	109	111	111
Mail Order House Sales—2 Houses	September	130	160	127
<i>Trade—Foreign</i>				
Exports	August	80	102	101
Imports	August	59	100	94
<i>Finance</i>				
Stock Prices—30 Industrials	September	118	186	122
Stock Prices—20 Railroads	September	93	130	102
Number of Shares Traded	September	106	207	187
Bond Prices—40 Bonds	September	99	94	98
Value of Bonds Sold	September	86	82	75
New Corporate Capital Issues—Domestic	September	84	158	94
Interest Rates—Commercial Paper, 4-6 Months	September	77	157	143
<i>Wholesale Prices</i>				
U. S. Bureau of Labor Statistics	August	88	103	104
Bradstreet's	September	78	96	99
Fisher's	September	87	100	105
<i>Retail Purchasing Power, July 1914=100%</i>				
Purchasing Power of the Retail Dollar	Aug. 1930	66	61	62
Purchasing Power of the Clothing Dollar	Aug. 1929	66	59	58
Purchasing Power of the Food Dollar	Aug. 1928	69	63	65
Purchasing Power of the Rent Dollar	Aug. 1927	65	63	62

X Excludes Boston, Cleveland Chicago, Los Angeles, Philadelphia, Detroit, San Francisco, and New York.

* Preliminary.

Prepared for *Nation's Business* by General Statistical Division, Western Electric Co.

Public Interest in Taxes

(Continued from page 23)

these problems is emphasized to the Committee as its knowledge of the size of the city business grows. Detroit is confronted with budget requests of 187 million dollars, an increase of 35 million dollars or 18 per cent over the current budget. The wide range of public services now being conducted by the city are financed by a tax of \$20.65 per \$1,000 on an assessed valuation of \$3,681,000,000, bonds for \$22,239,000, and carfares, water rates, and miscellaneous revenues totalling \$54,557,000. It has been pointed out that more than 200 specific public services are being rendered.

A chance for efficiency

"TO OBTAIN a maximum of service with a minimum of taxes is, of course, the task of the Mayor and the Council. This does not mean, however, that the citizens, as taxpayers, do not have a continuing interest in what public services are to be performed and what their cost will be. Until it can truly be said that there is no waste in the operation of the several departments, and that the methods of administration cannot be improved, it is believed that the Mayor and City Council will welcome constructive suggestions seeking those ends.

"The Committee believes that economies in operation are always possible in any business. Doubtless, the opportunity for reducing personnel and improving methods of administration in the business of the city is known to the department heads and other public officials, and economies can be effected when it is the will of these officials to have them made.

"The acid test can be applied to many municipal functions: 'Are they necessary?' 'Will the lives or the property of citizens be jeopardized if these activities are curtailed?' 'Where is the money coming from?'"

The Committee's platform

THE Committee submitted to the Mayor and the City Council as part of its first report the following policies:

1. The Committee in principle believes there should be no increase in the net tax budget for 1930-1931.

2. The Committee in principle believes that there should be no capital expenditures which will result in a future increased load upon the tax budget, pending the adoption of a long-term improvement program.

3. The Committee will prepare recommendations for a long-term improvement program, in which desirable public improvements are coordinated with the city's ability to finance them.

4. The Committee will take up during future months a consideration of specific financial problems and policies which confront the city, and from time to time present to the Council its suggestions on these matters.

The newspapers printed this report in detail. Immediately the papers began to receive letters which they printed in the columns devoted to expressions from the public. The reception of the first report by the public was gratifying. Editorial comments were frequent and pungent in the newspapers, and the Committee felt that it had won the confidence of the public. Private reports from Council members indicated an attitude somewhat different than was displayed at the original meeting with the Committee.

Detroit's form of government

PARENTHETICALLY, it might be stated that Detroit has a simple system of city government. The nine members of the Council are elected at large every two years on a nonpartisan ballot. The only elective city officials outside the courts are the Mayor and Councilmen, and Detroit has what is commonly termed the mayor and council system of government with the entire executive responsibility placed on the Mayor with the Council as a legislative body.

It is not hard to place responsibility properly in this form of municipal government.

After its first report, the Committee held a number of meetings devoted to discussions of the budget as a whole. A portion of its report made to the Mayor and the Council on February 20 said:

"In undertaking a study of the budget requests submitted by the departments to the Mayor, the Committee was impressed by the substantial increase in the total amount as compared with the appropriations for the preceding year. As a matter of record, it is be-

lieved worth while to submit a summary comparative statement:

Total requests, 1930-1931	\$186,915,943.80
Total appropriations, 1929-1930	152,841,888.26
	\$34,074,055.54

"The amount of increased requests over the appropriations for the current year, therefore, is 22 per cent—with no reported increase in the total of assessed property which will be called upon to pay the cost.

"Further, this total does not include the supplemental items which were filed with the Controller's Office and Budget Director after February 4. These items total \$2,114,936.04, and must be considered by the Council in its study of the budget the same as if originally included.

Breaking down the budget

"ANALYSIS of the total budget of \$186,915,943.80 discloses that departmental earnings and credits are estimated to be \$52,849,422.50. The balance, \$134,066,521.30, would be financed by taxes and bonds.

"The Controller estimates that, of this last amount, \$41,540,121.03 might be financed through the issuance of bonds, leaving a balance of \$92,526,400.27 for tax levy.

"This estimate, if not reduced, would require a tax rate of \$25.13 upon the basis of the present total assessment, an increase of \$4.48 over last year's levy. This rate does not include supplemental items which may be submitted on or before March 1.

"The Committee is impressed by the fact that, were the City during the forthcoming year merely to continue its present public services with no extensions whatsoever, there would still be added costs which cannot be avoided. Among these are:

Increased mandatory requirements for interest and retirement of public debt	\$2,098,924
Increase in salary rates of 400 policemen, who automatically go from the probationary rate to the full salary rate of patrolmen	393,000
A decrease in general fund revenues by reason of a credit last year of the unexpended balance in street opening fund	2,000,000
A refund to the Dodge Estate	

Again! *Better Lighting Reduces Costs...* This Time in the Motion Picture Industry

THREE years ago, when the motion picture producing companies at Hollywood sought to wipe out the inefficiencies then existing in studio operation, they naturally turned their attention first to light. For just as light is the chief tool in every store, office and factory, so is light the chief tool to efficient picture making.

Working in close cooperation with the lighting engineers attached to the Pacific Division of the National Lamp Works of General Electric Company at Oakland, these studio experts achieved their purpose in short order. In adopting the recommendations submitted by the Pacific Division engineers, "Kleig-eye" vanished; picture quality went up; production costs came down—almost over night.

And recently when color and sound entered motion pictures, bringing knotty problems in lighting, again did the engineers of the Pacific Division quickly and satisfactorily fulfill the exacting needs of studio executives. Special lamps appeared to meet the need for light in the complex process of filming sound and reproducing it again in the theater.

So quickly was this service furnished Hollywood Studios that eight of ten pictures judged to be



the best in 1929 in a nation-wide poll conducted among impartial critics were filmed under incandescent lighting.

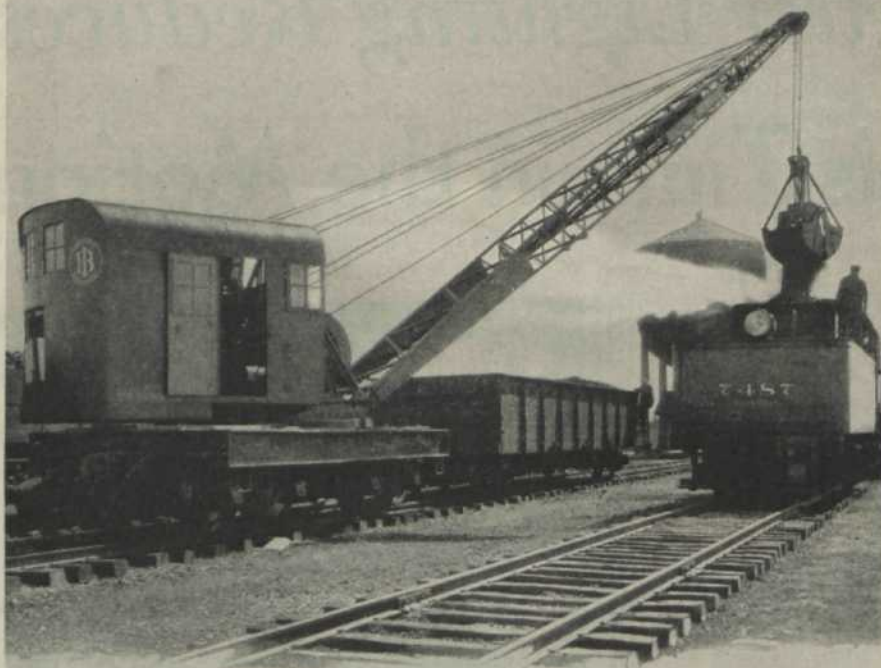
The same valuable service which the National Lamp Works has rendered to the two and a half billion dollar motion picture industry, without cost, is available to you no matter how large or small your lighting problem may be. Engineers of broad experience are stationed all over the country, ready to make a personal survey and submit lighting recommendations without cost or obligation. Write to National Lamp Works of General Electric Company, Nela Park, Cleveland, Ohio.

Join us in the General Electric Program, broadcast every Saturday evening on a Nation-wide N. B. C. Network.

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MAZDA  LAMPS

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Because Industrial Brownhoist builds its cranes the latter way, there are thousands more of them in service than any other make.

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INDUSTRIAL BROWNHOIST

When writing to INDUSTRIAL BROWNHOIST CORPORATION please mention Nation's Business

for taxes illegally collected at an earlier date	681,103
Excess of deficit items to be financed over similar items financed in the current year, at least	2,000,000
Additional requirements for general pension systems approved by the voters	127,344
Because of increased number of pupils in school and new schools opened, some portion of the increase in public school maintenance requests over the amount authorized last year	2,884,867

"In addition to these specific items are such further expenditures as the new traffic court, authorized by law, the maintenance of new street lights, installed in accordance with the authorization last year, of \$2,500,000 for the additional street-lighting program, the maintenance of an increased mileage of paved streets, and so on.

"The total of these items is probably not less than nine million dollars, which on the present assessed valuation, will mean an increase in the tax rate of \$2.44.

"One possible offset to these expenditures is an increase in revenue from other sources than taxes.

"It is suggested that every department having earnings of any kind should make the most careful estimates possible, that revenues from this source be fully availed of, to the relief of general taxes."

Saddening to city employees

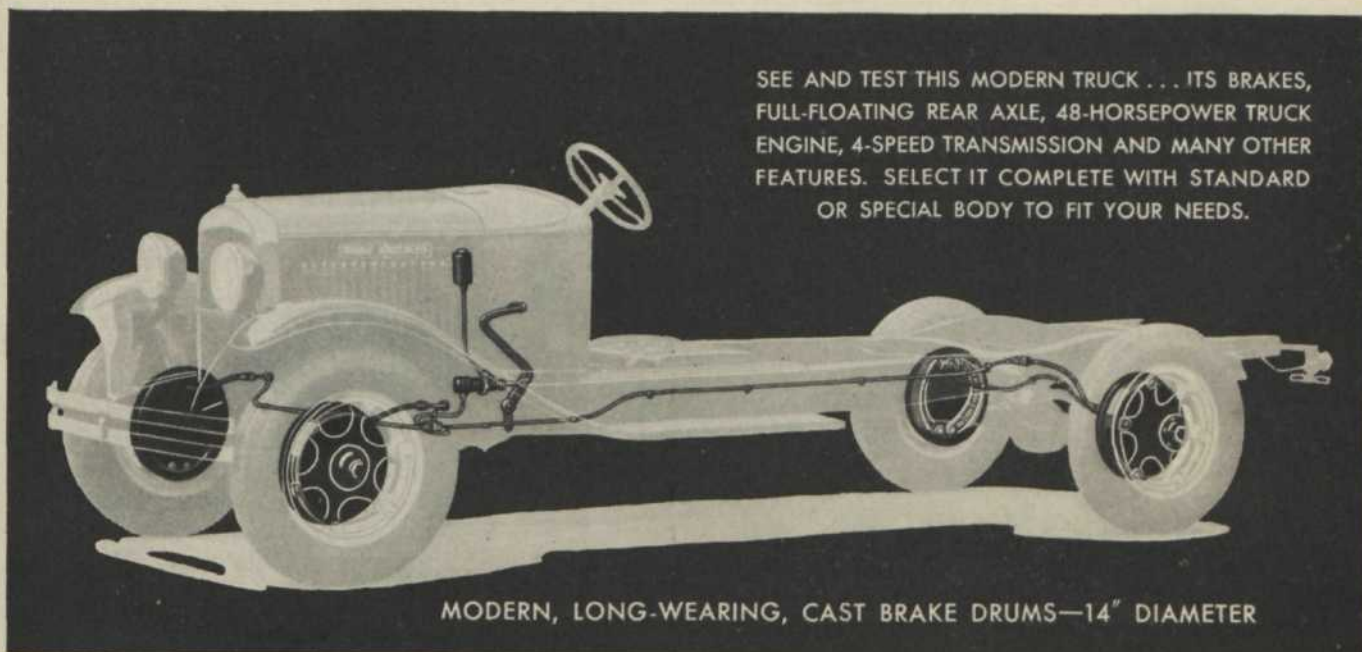
AFTER an analysis of the budget from the point of view of the various departments, the Committee laid down another principle which was not so popular with job holders of the city, but which met with the hearty response from the taxpayers. It was:

"The Committee believes there should be no increases in salaries of city employees during the coming fiscal year."

The Council adhered to this recommendation throughout its consideration of the budget. That policy was based on the general industrial situation throughout the country and on the additional fact that a great many taxpayers themselves were out of work and could look forward to no increases in their wages or salaries.

Building requests disapproved

DR. UPSON and Mr. Rightor made an exhaustive analysis of various funds for the benefit of the Mayor and the Council, showing the percentage of increases and for what purposes the



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Compare the internal hydraulic brakes on the

1½ ton

DODGE TRUCK

\$595

THESE SAFE, SURE, EASILY-APPLIED BRAKES ARE INTERNAL-EXPANDING AND THEREFORE WEATHERPROOF . . . THEY ARE SELF-EQUALIZING AND THUS EXERT UNIFORM BRAKING ON ALL WHEELS. THEY ARE LESS COMPLICATED . . . THEY ARE EASY TO ADJUST . . . THEY PROVIDE DEPENDABLE SERVICE THROUGHOUT THE LONG LIFE OF THIS EXCEPTIONAL TRUCK.

F. O. B. DETROIT . . . DUAL REAR WHEELS AT SLIGHT EXTRA COST

DODGE TRUCKS RANGE IN PAYLOAD CAPACITIES FROM 1,200 TO 11,175 POUNDS

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"68% is our saving in floor space with Louisville Dryers . . .



**"In 15 months
the installation
paid for itself"**

And this saving in floor space is but one of many advantages. Labor, fuel and power costs are often cut as much as 40% to 80%. It is economies like these that have induced more than 1,000 different plants in scores of different industries to change to Louisville Dryers. Many of these formerly believed a rotary dryer could not be adapted to their products. Louisville equipment also eliminates delays and interruptions in production. Dried materials are delivered continuously and automatically as fast as needed without costly trucking or rehandling. The entire equipment is often paid for in 12 to 18 months out of actual savings effected.

A Louisville Survey Costs You Nothing

Why not have your requirements carefully surveyed by competent Drying Engineers? We offer you this service and the benefit of our 40 years of successful experience in this field without charge. Conclusions will be given in detail and in writing—figures that present dependable, accurate estimates in dollars and cents. Write now for all the facts and complete descriptive catalog. Correspondence invited.

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5 Possibilities in Cost Reduction

- 1 Cut your fuel bill—possibly from one-third to one-half.
- 2 Cut down the number of attendants—in many instances to part time for only one.
- 3 Save 50% to 75% of valuable floor space for other purposes.
- 4 Speed up production by affording uninterrupted operation of plant, because of continuous delivery of dried material.
- 5 And—give yourself a better quality product.

increases were added. Requests for new buildings amounting to millions were wiped out in the Committee's recommendations.

The Committee met two afternoons each week from February until the end of May. The secretaries and managers of the organizations with which Committee members were connected attended all meetings and upon them devolved a great deal of the detail work.

Business men learn a lesson

THE study of the budget was itself a revelation to these business men. Most of them had no specific knowledge of what the city was spending and what it was getting for its money. Many business men were astonished at the city's activities, all of which had been requested by substantial groups of citizens at some time or other. Some of these men had been members of delegations that had asked the Council for additional appropriations for civic activities. It had never occurred to them before to request the curtailment of the cost of city activities.

Some members of the Committee, members of boards or commissions concerned with the management of city institutions, had asked increased appropriations for their particular functions.

The education of these gentlemen was well worth while.

More important, however, was the general education of the taxpayers. The newspapers published extended accounts of all the discussions of budget items. The Committee invited the Budget Director to explain the various requests.

Lowest tax rate in a decade

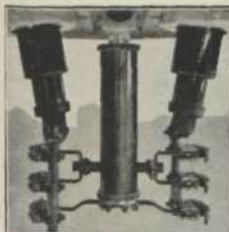
THE climax of the Committee's effort was recorded in the newspapers of June 16. One newspaper said:

"This year's tax rate in Detroit will be the lowest figure since 1919. Last year's rate was \$20.65 per thousand. This year's rate, employees in the assessor's office said, may go as low as \$20.10."

Actually, the rate was \$20.15; a saving of 50 cents per thousand dollars of valuation of all the real and personal property in the city.

The total assessed value of all assessable city property was fixed at \$3,781,781,000.

If it had not been for Mr. Stone's "If I were King" speech, the tax rate would unquestionably have been \$25.50. So, the value to Detroit taxpayers was, in round numbers, 20 million dollars. Not a bad income for one speech.



BAKELITE SURVEYS A NATION'S INDUSTRIES



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Lightening the toil, and lengthening the days of man, is the boon that electricity confers upon civilization. Generated in thousands of Central Stations, distributed over tens of thousands of miles of wire, electricity furnishes the power for those millions of lamps, motors, machines and appliances used in factory, office and home.

From generation to utilization the flow of electric current must be guided and controlled. It is in preventing current leakage, in protecting electrical equipment and those who use it, that Bakelite Insulations

are serving the electrical industry and the public.

Bakelite Varnish is used for insulating giant generators in numerous power stations, and for midget generators on automobiles. Bakelite Laminated is used for arc-over baffles on switch boards, for bushings on high tension circuit breakers, and for insulating thousands of different electrical appliances and devices. Bakelite Molded, because of its fine appearance, and high insulating value, is used for countless electrical appliances in daily use, a very few of which are shown here.

NEXT MONTH GIFT AND ART WARES

The Story of Bakelite Resinoid. This outstanding romance of industry is of absorbing interest. It is told in an industrial motion picture film showing the various stages in the manufacture of Bakelite Materials, and the fabrication of finished products. A two-reel print on standard width non-inflammable stock will be loaned free of charge. Write for copy of Booklet 42M.

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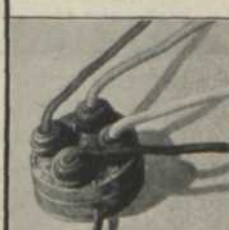
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THE MATERIAL OF A THOUSAND USES

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Six Months Old Today!

Tomorrow he is going to keep an appointment with his doctor made the day the baby was born.

YOUNG mothers of this generation little realize the heartaches and anxieties their grandmothers suffered in rearing their children. Forty years ago diphtheria killed six times as many babies as it does today. People were helpless when diphtheria epidemics raged. Then there was neither anti-toxin to help fight the disease, nor toxin-antitoxin (or toxoid) to prevent it.

Nowadays, the disease has almost disappeared in communities where people have organized campaigns to educate and persuade every mother to have her baby inoculated against diphtheria at the age of six months. Nevertheless, throughout the length and breadth of the country, about 8,000 children died last year from this one cause. They had not been protected as they might have been.

Immunization is a very simple matter—painless and safe. But the inoculation of your baby should not be delayed.



More than half of all deaths from diphtheria occur among children between the ages of six months and five years. A striking contrast is presented by comparison of the deathrates from diphtheria in two groups of representative American cities. For the past three years the first group has carried on an intensive campaign to immunize all children against diphtheria and has decreased its deathrate 33%. During the same period the second group of cities has been less aggressive and has had an increase of 9%.

Protection can be given your baby whether or not you live in a city or a part of the country which has a dangerous diphtheria deathrate. Take him to your doctor and you will be spared one anxiety from which past generations were never free.

Metropolitan Life Insurance Company will gladly mail free, its booklet, "Diphtheria is Preventable". Address Booklet Department 1130-U.

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Trade Follows the Dollar

By PAUL H. HAYWARD

Associate Editor, NATION'S BUSINESS

IT HAS been said that trade follows the flag. Today, however, in the view of Dr. Machado, Brazilian financier, our trade with South America depends upon the American dollar, as personified by the American banker. More of our banks are needed in South America, he declares in this frank interview

SOUTH American markets have attracted many manufacturers in the United States—our exports there last year totalled \$539,344,000—but there is ample room for still further expansion of our trade in that field. The potentialities of these South American markets—natural outlets for our goods—are receiving especially critical study by American interests just now, for the importance of exports as a balance wheel of prosperity is becoming increasingly recognized.

How, then, can these potentialities be realized? Let us turn for an answer to a leading banker and business man of São Paulo, Brazil, Dr. Decio de Paula-Machado. As he sees it, we can increase our exports to his own and neighboring countries simply by improving and expanding our American banking facilities there. This improvement and expansion he visions as taking place through the medium of branch banks, established in leading South American cities.

"We need more of your American banks," he told me while in Washington recently as the Brazilian representative at the Inter-American Conference on Agriculture, held at the Pan American Union. "Your American business needs more banks there, too. Now we have only one American bank functioning in Brazil, as compared with 16 banks of other countries and five leading native institutions.



Dr. Decio de Paula-Machado

"As a banker and business man myself"—Dr. Machado is founder of the Northwestern Bank of São Paulo, and president of the Union of Fruit Exporters of Brazil—"I feel that I may perhaps make some helpful suggestions to Americans interested in development of their business in South America.

Banks should cooperate

"THE banking field in my own country is a fertile one, one that promises good profits with entire safety to capital. American banks can come there with every prospect of successful operation, especially so if they come extending the hand of cooperation.

"How can they do this? I will outline what I think is a practical plan. American banks, establishing branches, might provide 75 per cent of the capital, selling shares to provide the remaining 25 per cent to Brazilians. This would give Brazilians a feeling that the institution is partly theirs rather than an utterly foreign institution doing business with them only for the profit that can be wrung from the country.

"In addition these banks should make every effort to man their offices with native personnel. Few of the foreign banks already established in Brazil do this, a fact that is a decided handicap to them in developing their businesses, for it is only natural that a people should prefer to deal with their own countrymen, men who understand their feelings, their temperaments, their likes and dislikes.

Commercial departments

"AMERICAN banks could well afford to establish their branches under the management of native executives, with North Americans as submanagers to aid and assist. The establishment of commercial departments would be a positive aid to the development of imports from the United States.

"For instance, the head of such a commercial department would go to a Brazilian business man. He knows this business man well, has had a long acquaintance with him—and friendship, you know, counts much in the business life of our people.

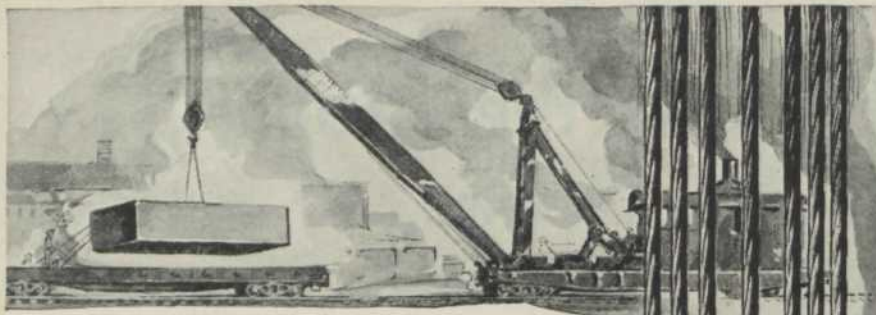
"He says to this business man, 'Look, Señor, you are in the market for so much of this. Why not give our client, the So and So Company of the United States, a try?'

"'But,' objects the Brazilian business man, 'I have never bought from them. The goods I am now getting elsewhere are excellent in quality, well packed and crated.'

"'Oh,' counters his friend, 'but this American company will give you service as good, and probably better. At least try them once.'

"'Well,' accedes the other, 'since you are a friend of mine I will give them an order.'

"And so," continued Dr. Machado, "another outlet for American goods is provided. These commercial depart-



Industry's Mainstay —and yours

Few realize how the individual, as well as industry, is dependent upon wire rope—the great flexible “handler” of practically everything.

The illustration shows a great slab of concrete bridge flooring being lifted onto a freight car.

All the material in a modern skyscraper is handled with wire rope—in the “raw,” in shipping; in the actual building erection.

Oil wells are drilled with wire rope; mines are mined and quarries quarried with it. Your furniture and the evening newspaper both originated in logs taken from the forests with wire rope.

Yellow Strand Wire Rope will usually be found where real stamina is demanded. Not mere strength, but strength so nicely balanced with elasticity, flexibility and resistance to the crystallizing effect of vibration, that long life under severest conditions is assured.

One strand of yellow distinguishes this high quality rope from all others.

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Eastern Office and Warehouse: 68 Washington Street, New York, N. Y.
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Western Offices: Seattle and Portland, Ore. Factories: St. Louis and Seattle
Manufacturers of nothing but wire rope for over half a century.

Yellow Strand WIRE ROPE

Aerial Wire Rope Tramways designed by this company have features that insure economical operation.



2790R77

ments would serve a larger usefulness, however. They would offer the smaller manufacturers of the United States means of contact with our rich markets.

“Manufacturers who cannot afford to send salesmen to our shores could be represented by these banks. They would have trained men on the ground, in close touch with the needs and desires of the business community. They would represent several dozen United States manufacturers in various lines. Profitable and pleasant business relations would ensue.”

Visions great credit union

DR. MACHADO is both progressive and adventurous—flying to the Washington meeting, his plane rode out the hurricane that ravished Santo Domingo—and hence he has some rather bold ideas concerning banking. Much interested in the subject of rural credits, he inquired:

“Why not a Pan-American credit union, designed to develop the vast agricultural resources of South American countries? A new idea, yes—but one that could be developed along entirely practical lines.

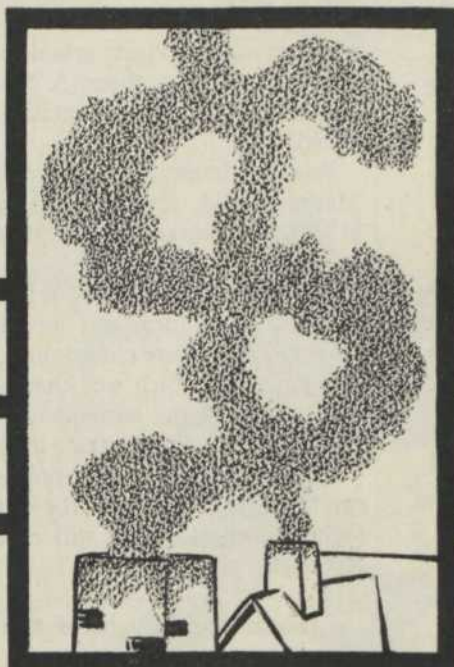
“Capital is the great need of agriculture with us. Why not, then, arrange a system whereby correspondent banks could arrange proper rural credits? A South American plantation owner requiring a loan would go to his bank. He would offer ample security; the bank, through its connections, would be able to provide him with the capital he sought.

“The security he offered, under the plan, would be in the form of a readily negotiable instrument (a *pfandbrief*, or mortgage letter as we would call it) and subject to liberal discounts. In Brazil, I might say here, ten per cent is a conservative rate of interest. Thus would be built up a credit network throughout the Americas, making for increased trade and goodwill between the two continents.

A purely American system

“UNDERSTAND, it is not an international credit system I vision—that is, an arrangement as between Europe and the Americas. The two Americas have ample room and opportunity to work as between themselves.”

Additional details of his plan together with several concrete suggestions, it may be said here, were later outlined to the Inter-American Conference by Dr. Machado. He proposed a Pan-Ameri-



An interesting one-reel film, "The Battle Song of the Cities," depicting some phases of the smoke evil, will be sent free of charge to clubs, churches, schools or other organizations desiring instructive entertainment for their meetings. Please write our Philadelphia office.

SMOKE ♦ ♦ ♦ SIGN OF PREVENTABLE WASTE

SMOKE pouring from any chimney is a sign of wasting fuel dollars that may cost you as much as 25% of your coal bill.

Smoke can easily be prevented. We recommend for homes anywhere, better Pennsylvania hard coal — clean, smokeless, long-burning, safe and economical.

Thus eliminating the waste from smoke, not only do you save money, but you help save your community from the high costs of dirt and disease caused by polluted air.

Plan now, before cold weather puts a heavy burden on your heating plant, to eliminate the cost of smoke and the annoyance of dirty fuels. Your coal merchant has Famous Reading Anthracite, That Better Pennsylvania Hard Coal, or can get it.

THE PHILADELPHIA AND READING
COAL AND IRON COMPANY

THAT



BETTER PENNSYLVANIA HARD COAL

Is the "RESERVE" in YOUR Balance Sheet all that its name implies?

THE word "Reserve" occurs in the balance sheets of many corporations. It suggests that assets have been set aside for some purpose—and, in an accounting sense, they doubtless have.

But closer examination often brings out the fact that *there has been no actual segregation of assets such as would serve the purpose for which the Reserve was nominally established.*

Reserves for Contingencies, Depreciation, Expansion, or any other purposes, are really effective only if they represent liquid resources that have been set aside and held for the purpose named. Reserve capital which can be relied upon to tide a company over a crisis, or which will enable the company to seize an opportunity when it arises, must be in available form. Such a reserve cannot represent a proportionate interest in a factory building or a plot of vacant ground—for neither of these types of property can ordinarily be converted into cash with the dispatch necessary for the purpose intended. Nor should it represent working capital that is needed in the ordinary conduct of the business.

The experience of many corporations has indicated the dependable character of fixed income bearing obligations for reserve purposes—particularly when they have been carefully chosen with reference to the nature and purpose of the reserve.

Our experience and judgment will gladly be placed at the disposal of business concerns which find themselves confronted with reserve investment problems. The size of the business makes no difference, and consultation involves no obligation. A simple and interesting discussion of reserve investments will be found in our booklet, "Business Reserves," a copy of which will gladly be sent without charge to any one requesting it on his business letter-head.

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7 P. M. Mountain Standard Time

6 P. M. Pacific Standard Time

BONDS TO FIT THE INVESTOR

When writing to HALSEY, STUART & Co. please mention Nation's Business

can Agricultural Bank, with headquarters in New York City and with branches in the various Latin-American countries which would conduct actual negotiations with growers there. A capitalization of \$50,000,000 was tentatively suggested.

Private interests in Brazil, Dr. Machado said, are ready to advance \$15,000,000 toward the establishment of a bank of this kind.

The Conference adopted a resolution embodying his idea, and he and four other delegates were named on a technical committee which was charged with formulation of the basis of a plan for establishment of the banking institution. The resolution further proposed a capital of \$20,000,000 for the bank, this to be increased at the will of the directors.

Brazil feels business trend

DISCUSSING general business conditions in his country, Dr. Machado told me that Brazil is feeling the international hesitancy of business and is suffering from overproduction and low coffee prices. And coffee is a vital crop, as it means 80 per cent of Brazil's export trade.

"But things will change," he declared. "Offer and demand will meet again, prices being now under cost and older or less profitable plantations having to be abandoned. Cheap labor and the mechanization of our plantations, together with other means of reducing the overhead, will readjust conditions.

Better coffee at lower price

"BRAZIL," he spoke with enthusiasm, "is the country to produce coffee. We produce more, we produce cheaper, and now we are engaged in producing better, so as to get reasonable prices. Quality is our aim, quality and satisfactory prices, prices that will enable everybody everywhere to use coffee.

"Our coffee valorization plan proved expensive," he said, commenting on his government's attempt to sustain coffee prices in the world market and the ensuing collapse of those prices. "It cost us about \$900,000,000, at an approximate guess—a sum which would take one to the theater once or twice—but it is by these lessons that we progress.

"A new plan which is now being worked out, one which is based on reason, we hope will bring conditions back to normal. We will allow the natural laws to function, the inefficient producer will be eliminated and overproduction curbed."

Seasoned *in* Saving



A BUSINESS that has lived and flourished over 178 years must have much to recommend it.

But the appeal of the mutual plan of insurance to the modern business man goes far beyond mere age.

The very essence of mutual insurance is economy in operation, prevention of loss and a return to the policyholder of the unused part of his premium.

Mutual casualty companies charge no higher premium rates than other insurance carriers for workmen's compensation, automobile or the other forms of casualty insurance.

Yet the companies listed on this page are able to return millions of dollars in dividends

Fording a creek on the Mohawk Trail in 1800—in that year mutual insurance was already half a century old.

to their policyholders every year; to the individual policyholder a substantial part of his premium.

For any casualty risk mutual insurance offers sound protection—a definite saving.

An interesting booklet is available on request. Address Mutual Casualty Insurance, Room 2201, 180 North Michigan Avenue, Chicago, Illinois.



MUTUAL PROTECTION IS AVAILABLE
FOR THESE CASUALTY RISKS:

Accident	Liability (all forms)
Automobile (all forms)	Plate Glass
Burglary and Theft	Property Damage
Workmen's Compensation	Fidelity

MUTUAL CASUALTY INSURANCE

These Old Line Legal Reserve Companies Are Members of

NATIONAL ASSOCIATION OF MUTUAL CASUALTY COMPANIES and AMERICAN MUTUAL ALLIANCE

Allied Mutuals Liability Insurance Co., New York City; American Mutual Liability Insurance Co., Boston, Mass.; Builders Mutual Casualty Co., Madison, Wis.; Central Mutual Casualty Co., Kansas City, Mo.; Employers Mutual Casualty Co., Des Moines, Ia.; Employers Mutual Liability Insurance Co., Wausau, Wis.; Exchange Mutual Indemnity Insurance Co., Buffalo, N. Y.; Federal Mutual Liability Insurance Co., Boston, Mass.; Hardware Mutual Casualty Co., Stevens Point, Wis.; Interboro Mutual Indemnity Insurance Co., New York City; Jamestown Mutual Insurance Co., Jamestown, N. Y.; Liberty Mutual Insurance Co., Boston, Mass.; Lumbermen's Mutual Casualty Co., Chicago, Ill.; (American) Lumbermen's Mutual Casualty Co. of Illinois, New York City; Merchants Mutual Casualty Co., Buffalo, N. Y.; Michigan Mutual Liability Co., Detroit, Mich.; Mutual Casualty Insurance Co., New York City; Texas Employers Insurance Association, Dallas, Texas; U. S. Mutual Liability Insurance Co., Quincy, Mass.; Utica Mutual Insurance Co., Utica, N. Y.

When writing to NATIONAL ASSOCIATION OF MUTUAL CASUALTY COMPANIES please mention Nation's Business

THE DOORWAY OF AMERICA'S FREIGHT ELEVATOR TRAFFIC



PEELLE
MOTORIZED
FREIGHT ELEVATOR
DOORS

labor... push... pull... lift... lower
... burdens take toll of brawn. Human energy once cheapest is now the most costly. The development of industry has paralleled the lessening of labor. In the field of vertical transportation, Peelle Doors have eliminated the drag of physical effort. Providing automatic ease of entrance and exit at the shaftway, they have replaced brawn with an electric button, muscles with motors. Motorized—at a finger-touch—they link floor to floor in a smooth, swift, safe road for men and freight. Write for catalog, or consult our engineers.

THE PEELLE COMPANY, Brooklyn, New York
Boston, Chicago, Cleveland, Philadelphia, Atlanta and 30
other cities. In Canada: Toronto and Hamilton, Ontario

This Year's Roll Call
of the Red Cross

AMERICA'S largest organization, in point of membership, will ask some 4,130,000 persons to contribute their annual dues, and will invite millions more to become members this Armistice Day.

This organization is the American Red Cross, and its annual roll call, which will close on Thanksgiving Day, will be conducted through its 16,200 chapters and branches.

This year's roll call must—if the Red Cross is to continue to meet its responsibilities as it has in the past—be productive of a large increase in its already vast membership. Those responsibilities, as outlined in the organization's congressional charter, are to "furnish volunteer aid to the sick and wounded of armies in time of war... act in matters of voluntary relief and in accord with the military and naval authorities as a medium of communication between the people of the United States of America and their Army and Navy... continue and carry on a system of national and international relief in time of peace and apply the same in mitigating the sufferings caused by pestilence, famine, fire, flood... and to devise and carry on measures for preventing the same."

Disasters strike more people

AS the nation has grown, so have grown the needs which the Red Cross is peculiarly adapted to meet. So too have grown the costs of these services. Another outgrowth of our increasing population is that disaster, when it strikes, affects hundreds now where once it would have touched but tens.

A succession of such disasters has caused the Red Cross to expend an average of approximately \$850,000 per annum for the past seven years from its general funds—and this in addition to the special contributions made by the American public. Likewise reserves, set aside at the close of the World War to provide for post-war commitments, have been exhausted, save for a balance held out for work of ex-service men.

Since the organization's revenues, aside from this reserve, are dependent upon the national body's share of membership dues (50 cents for each member enrolled), interest on invested funds, and restricted contributions for special purposes, such as disaster relief, the importance of the roll call is apparent.

JOSLIN'S
ECLIPSE
TIME STAMP

Greatest Value
Ever Offered! **\$17.50**

The Stamp with a Memory!
Durable - Efficient - Lightweight
Convenient - Attractive

Records time, date and other data on office and factory correspondence, forms and other routine records. Protects profits. Speeds up work in process. Assures permanent records. Dust-proof nickel-plated case protects accurate clock. Lasts a lifetime. Priced at only \$17.50 each.

Pin Coupon and Check to Letterhead—then Mail

Mail Today

A. D. JOSLIN Manufacturing Co.,
Manistee, Mich., U.S.A.

☐ Send catalog

☐ Enclosed find \$17.50 for Time Stamp.

Name

Address

City State



HOTEL
SYRACUSE

"Where are you stopping—Hotel Syracuse?"
This is the general greeting from local customers to visiting salesmen.

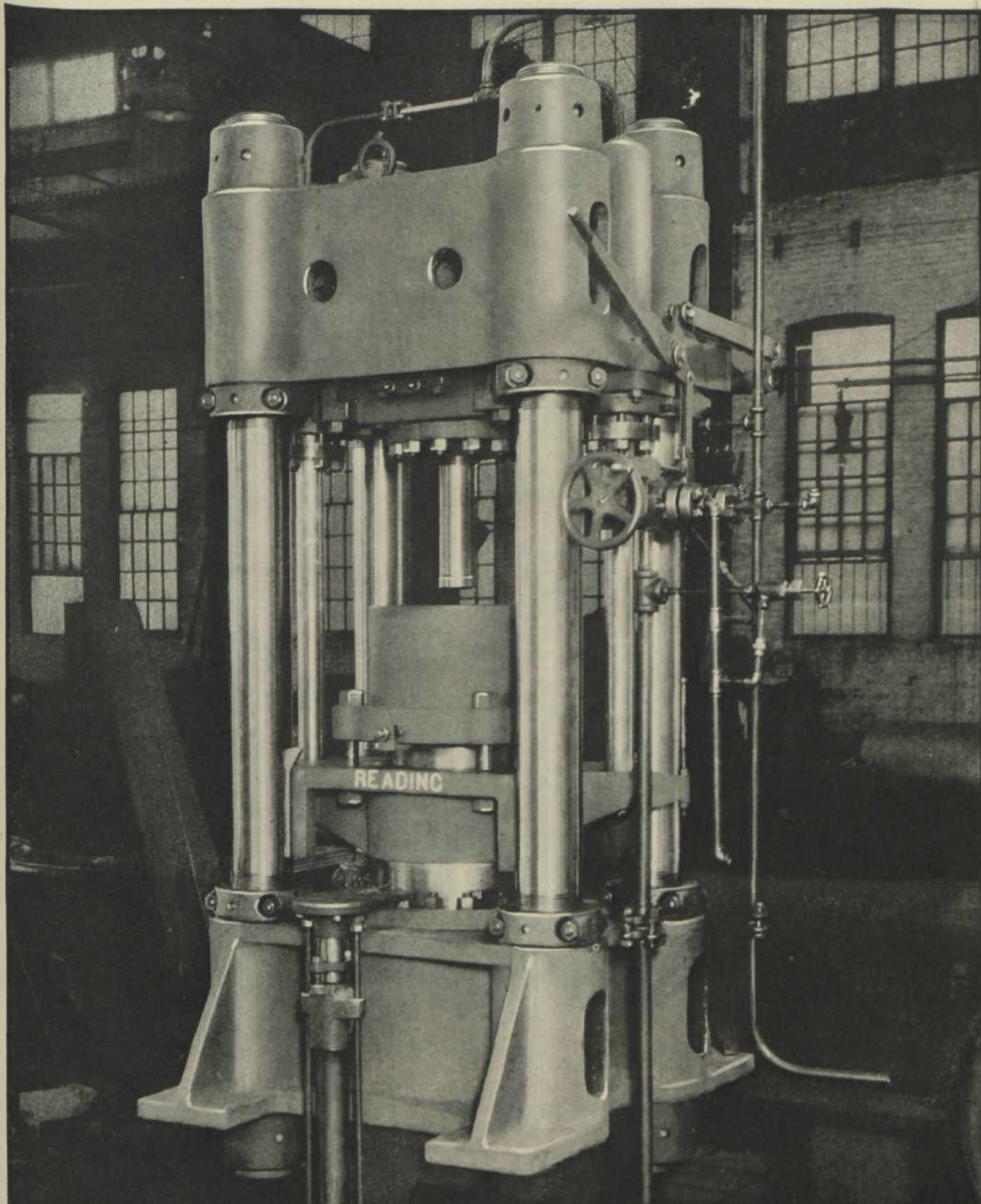
A distinguished temporary address.

600 outside rooms—each with bath. \$3.00 up.

ROY P. BRAINARD
Managing Director

POWERS HOTEL, Rochester, N. Y.
Under Sales Management

SYRACUSE, N. Y.



Squeezing out 110 feet of .245 inch lead wire every minute is an easy job for this 1350 ton lead extrusion press, operated hydraulically (city water power). We are making presses of every type—light and heavy duty—for manufacturers who know the economy of sound engineering and perfect adaptation of a machine to its job. If you are considering the purchase of a press, let us give you our figures—you'll be interested.

Scott Foundry, Reading Iron Company, Reading, Penna.

TOPICS FROM THE BUSINESS PRESS

By PAUL H. HAYWARD

THE forthcoming White House Conference on Child Health and Protection, called by President Hoover, is a worthy undertaking, says *Paint, Oil and Chemical Review*, but rather doubts that the meeting will be of much avail. Statistics are cited, indicating that of the eight million boys between 14 and 20 engaged in industry, three out of four are misfits in their occupations. A subcommittee of the Conference, it is stated,

is to determine what is being done and what should be done to end the mismating of the youth and the job. . . .

One wonders, though, if such investigations can, in the present age in America, be completed rapidly enough to accomplish the help that their proponents aim to give and by what process of reasoning any man or set of men might be able to determine when a boy was rightfully placed.

Who can say that boys who jump hither and thither at opportunities they think they see are not in the process of being educated just as much as when in school or that such experience is not helpful to them and to industry on the whole?

American industry has forged far ahead in the last century and not a few of its leaders are men who found themselves after trying out the jobs that were available to them.



♦ The World Must Be Told

THERE is a moral appended to this tale by J. Philip Bird, in the *Manufacturers' Association Bulletin*, but it's so obvious we'll let the reader write it for himself:

Once upon a time Ibn Tellem and Mehmet Ab Dullam, two of Bagdad's manufacturers of mousetraps, met in the Grand Bazaar. One was a cheery, well-fed, prosperous and happy citizen. The other was dour, cadaverous and woe-begone. Said Dullam, the dour:

"Friend, tell me, how is it that, although your factory is deep in the woods, customers

have worn a path to your door; while I, who make the world's finest mousetraps in a plant in the heart of the city, sell only one trap to every five you sell?"

Said Tellem, the cheery one:

"Right gladly will I elucidate. I know that my mousetraps are incomparable, and knowing this, I tell the world and keep telling 'em. While you, illustrious Dullam, who claim also to be the premier mousetrap maker of the world, are silent always. Now you may know about the excellence of your product, and so may your workmen and your wives and your sons, but if you make this information a confidential matter, how in the name of Allah is the world to know that—"

But Ab Dullam had vanished. When last seen he was streaking down the street toward the advertising office of the *Bagdad Daily Bazoo*.



♦ Man or Machine?

WHEN can a business man afford to spend money for mechanical appliances to save labor? The question is discussed by *The National Provisioner*, which cites the case of a meat packer whose foreman sought to have a conveyor installed in a smoked meat wrapping room. The foreman's request, we are told,

was turned down on the ground that the labor of only one man would be saved.

The foreman, not to be discouraged, came back with figures to show that even if the force in the room was reduced by only one man, the investment undoubtedly would prove to be a profitable one.

The saving would be \$35 a week, he said—\$1,820 a year, or six per cent on \$30,000. Assuming that overhead charges on the investment necessary to install the conveyor were \$700 a year, a high figure, there would remain a clear profit of over \$1,100 to the packer as a result of his action.

The estimated cost to install the conveyor was \$5,000. The plant, he showed, could afford to borrow the money at seven per cent and have a profit remaining that would be greater in percentage than it was

earning on its capitalization as a whole.

He got his conveyor!

And, after all, is not this the business-like way to determine whether or not an improvement can be afforded? Any investment that will earn overhead charges and a good profit is certainly worth making.

♦ Are We Really Hard Up?

"AFTER all," remarks *The Magazine of Wall Street*, "we probably don't know in the United States the meaning of really hard times." As a nation, the editorial continues, we

are eating more ice cream this year than last as well as burning more gasoline. People who are generally in distress do not cater to their palates and spend their money for joy riding.

On the other hand we do not get so much free advice over the radio as a year ago. Radio advertising is off one-third—which some people will not regret.

The growth of corporations in the general scheme of things is working many changes that are not promptly apparent. The corporations have become the chief savers of capital in good times—and it begins to look as if they are the chief economizers in hard times.

The individual seems to go on with his expenditures much the same in dull as in boom times.



♦ One Way to Cheer Up

"THE next time your neighbor starts explaining how bad business is . . . take him out and challenge him to a round of miniature golf," advises *Automobile Topics*. "Let him," the editorial continues,

stand in line waiting his turn while addicts to this greatest outdoor fad grasp their putters and bend their backs to break local records.

Introduce him to the owner of the enterprise, or perhaps its manager, and let him learn from him exactly how bad business is. And if by chance he succumbs to the fascination of this national pastime he will probably want to purchase a putter. Just

Kimberly-Clark Corporation

Established 1872

Neenah, Wis.

NEW YORK, 122 E. 42nd St.

CHICAGO

8 S. Michigan Ave.

LOS ANGELES

510 W. 6th St.



"We'll use more rotogravure"

There's a dollar-and-cents logic in using advertising that presents to prospects a believable and convincing presentation of the goods for sale. There'll be many skillfully planned rotogravure campaigns in nineteen thirty-one. Have you planned yours?

A new and interesting 120-page book on rotogravure, called "Rotogravure Newspaper Markets," will be sent you, free, upon request to Rotogravure Development Department, Kimberly-Clark Corporation, 8 S. Michigan Ave., Chicago, Illinois.

Rotogravure, the quality printing process, deserves the finest paper that can be made for rotogravure printing. One KIMBERLY-CLARK paper, Rotoplate, is recognized as the best for newspapers. That is why, after sixteen years, this paper continues to be the selection of ninety per cent of North American newspapers publishing rotogravure sections.

And there must be a reason, too, why printers recommend Kimberly-Clark papers for broadsides, house organs, fine booklets, package enclosures, catalogs, and other literature in rotogravure prepared for exacting customers.

Kimberly-Clark Corporation

Established 1872

NEENAH, WIS.

NEW YORK
122 East 42nd St.

CHICAGO
8 S. Michigan Ave.

LOS ANGELES
510 West Sixth Street

let him try and buy one. It might be well to explain to him that, according to report, \$125,000,000 worth of miniature golf courses have been put into operation within the last few months, and that those fortunate enough to be manufacturing such things as putters these days cannot supply the demand.

Then inquire of him gently, "What is this thing called business depression?"

♦ Debunking Retailing

DULL periods have their uses, says *Dry Goods Economist*, one of which is the opportunity they provide for pulling family skeletons of tradition and practice out into the open for dusting and inspection. Retailing, the editorial goes on,

never needed a thorough going over so badly as right now. It is surrounded and overgrown with so many new theories and practices that we sometimes wonder how it stands the strain. Let's look at a few of them. Take the survey experts. . . .

Far be it from us to criticise experts individually, but as a class—that's different. The man with an open mind who makes his suggestions only after all the facts are in can be helpful in any industry, and especially retailing.

But the expert who goes out with pet hobbies and theories, obtains facts that appear to prove them, then makes his recommendations, is a detriment and a danger to business. . . .

Let us take style as an impersonal factor that has invaded retailing in a new form. . . . Style today is what it always was. Years ago manufacturers brought out each season what they considered good style and all differed more or less. Those that guessed wrong lost. The others won.

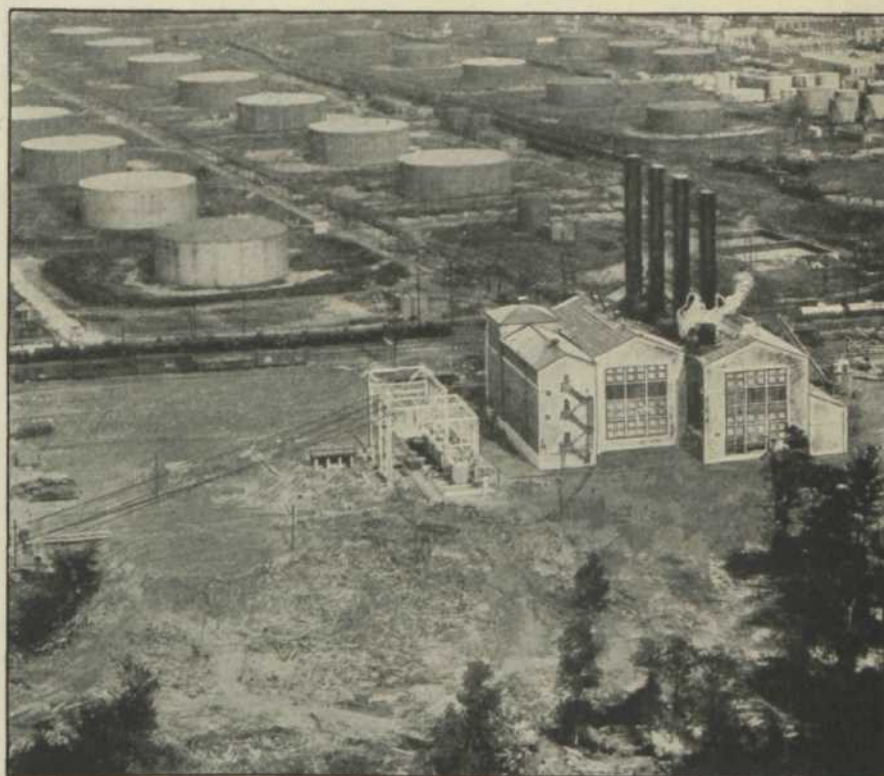
Today the same manufacturers make what their stylists order, and again the results are more or less different—mostly more. And again some win and some lose. . . .

Let us turn for a minute to the systems experts. A few days ago we visited a store and were shown a room full of girls working on "systems." Systems to prevent over-ordering and under-ordering and mark-downs. . . .

Now not one of the systems but what was at least a week behind actual operations. Putting it in other words, it was an assembly of historical figures. Figures that could do little or no good because of being too late for a remedy.

We could go on indefinitely with reference to most of the present-day department-store methods. They're too complicated, too cumbersome, too impractical for a business that moves as fast as distributive machinery must move.

Think it over. Apply the yardstick of practicability to every department and division of your business. If they can't measure up, find a simpler and quicker way. It's the only salvation for retailing.



MAKING BY-PRODUCTS PAY DIVIDENDS

Six billion pounds of steam a year are supplied to the Standard Oil Company of Louisiana by the steam power plant of Louisiana Steam Products, Inc. Electric power is supplied by the same plant to the Baton Rouge Electric Company. Both companies are served at lower cost. This saving is accomplished by burning all available residuals of the Standard Oil Company's refinery.

The plant, designed and built by Stone & Webster Engineering Corporation, was operating in 5 months and 12 days from the time ground was broken.

BUILDERS and ENGINEERS
For the
BUSINESS LEADERS
OF AMERICA

STONE & WEBSTER
ENGINEERING CORPORATION

A SUBSIDIARY of STONE & WEBSTER, INCORPORATED

Momentum

Momentum means mass speed ahead. In business it depends on a nice balance of quantity in production and velocity in sales. *How much*—*how quick*. Reduce either of these factors, put one out of balance with the other, and momentum is lost.

In any *continuous* forward movement of business, momentum, like success, gains power on its own impetus. Curb it and business lags.

Modern Accountancy, in principle, is a basic necessity to business momentum. As a *fact*, it is the essential oil for smooth, unhindered movement. Organization is visionless without its dependable facts and figures. Its business budget, its protective costs, its system, knowledge, control—are all vital factors to the easy running of material things.

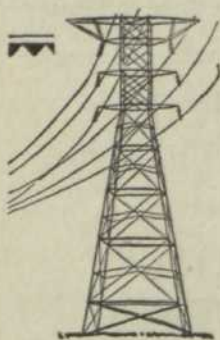
But *most* important, Modern Accountancy is the inspiration, in any business, to *mental* momentum—the orderly, continuous speed-ahead of fearless, constructive thought.

ERNST & ERNST

ACCOUNTANTS AND AUDITORS

SYSTEM SERVICE

AKRON	DALLAS	HOUSTON	NEW YORK	SAN FRANCISCO
ATLANTA	DAVENPORT	INDIANAPOLIS	OMAHA	SEATTLE
BALTIMORE	DAYTON	JACKSON, MISS.	PHILADELPHIA	TAMPA
BIRMINGHAM	DENVER	KALAMAZOO	PITTSBURGH	TOLEDO
BOSTON	DETROIT	KANSAS CITY	PORTLAND, ME.	TULSA
BUFFALO	ERIE	LOS ANGELES	PROVIDENCE	WACO
CANTON	FORT WAYNE	LOUISVILLE	READING	WASHINGTON
CHICAGO	FORT WORTH	MEMPHIS	RICHMOND	WHEELING
CINCINNATI	GRAND RAPIDS	MIAMI	ROCHESTER	WILMINGTON, DEL.
CLEVELAND	HARTFORD	MILWAUKEE	ST. LOUIS	WINSTON-SALEM
COLUMBUS	HUNTINGTON, W. VA.	MINNEAPOLIS	ST. PAUL	YOUNGSTOWN
		NEW ORLEANS	SAN ANTONIO	



Building a New Plant?

Shawinigan territory offers an ideal combination of important considerations to be taken into account in locating a new plant to serve the markets of Canada, the British Empire and the world. Descriptive booklet on request.

Department of Development

The Shawinigan Water & Power Company

Power Building • Craig Street West
MONTREAL, CANADA

A Woman Who Gets Conventions

AMY VIRGINIA PACE—"Miss Amy," if you please—is twenty-eight, pretty and convention manager for the Cincinnati Chamber of Commerce, possibly the only woman to hold such a position.

Thirteen years ago, Thomas Quinlan, Jr., manager of the Convention and Publicity Department of that institution, hired a new stenographer just out of business college—Amy Virginia. At that time, Quinlan didn't know she was only fifteen; she looked eighteen at least. Quinlan's department was buried in work and he was glad to use her temporarily, for a week or so at most.

Two weeks passed and then a succession of other weeks, and still the new girl remained. "She is always on hand in emergencies, and I simply can't do without the kid," Quinlan told William C. Culkins, executive vice president of the Chamber.

Miss Pace was made assistant to Miss Marie Tibbles, Quinlan's secretary, and when the latter married she succeeded her.

"City Hostess" for Cincinnati

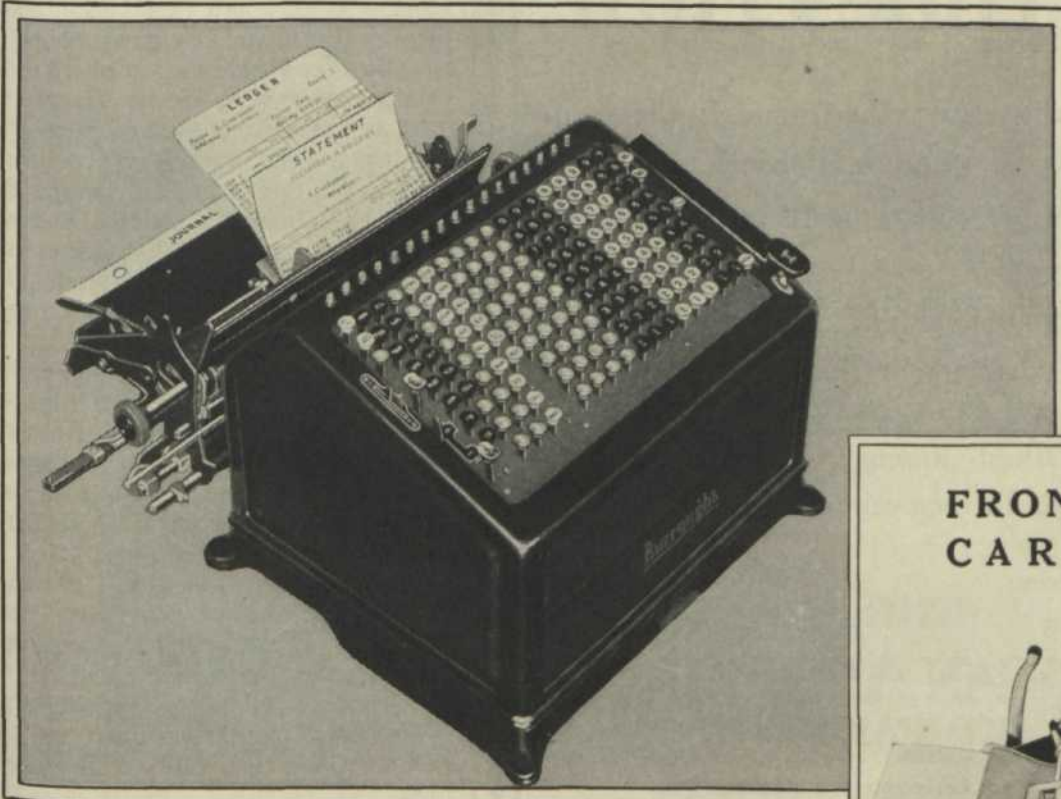
MARIE TIBBLES was, we believe, America's first "City Hostess," a title conferred upon her by the local Chamber of Commerce. The honor was inherited by Amy Pace, youngest, if not the first, to enjoy that distinction. For nine years as the official representative of this body she has helped entertain more than a million people. She is one of the chief reasons why Cincinnati boasts international reputation for hospitality, and why so many conventions return there again and again.

"I can take care of the men," Quinlan had informed her. "They're easy to please. I'm going to leave the women to you, Amy."

The nineteen-year-old City Hostess was terribly frightened—until she sat down calmly and began to reason. "I live in Kennedy Heights, a suburb of Cincinnati that is jokingly called the country," she said. "I tried to visualize myself as a convention visitor. Most of these women come from small towns. What, then, would I, myself, want to do if I were in a strange city? Why, visit the stores, of course; take sightseeing trips, go to theaters, and maybe dance. So I keep the wives busy and away from

Burroughs

NEW BOOKKEEPING MACHINE



FRONT FEED CARRIAGE



Faster and easier to operate, as it combines the speed of cylindrical platen posting with the speed and convenience of front-feed insertion, alignment and removal of forms.

Posts two or more records in combination in handling any kind of accounting work such as accounts receivable, accounts payable, payroll, general ledger, distribution and stock records.

Also provides full-width proof journal containing a complete transcript of all postings.

Call the local Burroughs office for a demonstration on your own work, or write for special descriptive folder.

Time required for operations in inserting, aligning and removing forms reduced to the minimum. The operator, seated at the machine, uses only one hand to insert, align and remove forms. Front insertion also eliminates the inconvenience of turning forms around platen. The journal, remaining around the platen, automatically spaces up for each posting.

BURROUGHS ADDING MACHINE COMPANY, 6131 SECOND BLVD., DETROIT, MICH.

BACKED BY WORLDWIDE BURROUGHS SERVICE

When writing to BURROUGHS ADDING MACHINE COMPANY please mention Nation's Business



To Probe Truth

Many an investor who formerly was cajoled by suspicions of hidden assets is now worried about possibilities of hidden liabilities. Conscientious executives allay these doubts by securing an American Appraisal analysis of those favorite hiding places: fixed assets, depreciation and expenditures on property.

THE AMERICAN APPRAISAL COMPANY

New York • Chicago • Milwaukee
and Principal Cities

AN INTERNATIONAL ORGANIZATION

Books

FOR BUSINESS MEN

FOREIGN TRADE: Principles and Practices

By Grover G. Huebner and Roland L. Kramer. A complete manual of the principles and technique of foreign trade, both export and import. Illustrated. \$5.00

STOCK MOVEMENTS AND SPECULATION

By Frederick Drew Bond. New second edition explaining both the old and new markets and all recent developments. \$2.50

CORPORATION FINANCE

By Edward S. Mead. Sixth Edition of this famous book, revised and enlarged. The most complete and up to date treatment of the subject. In one volume. \$4.00

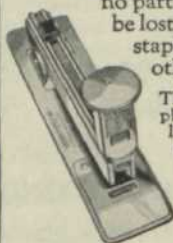
BUSINESS LIFE INSURANCE TRUSTS

By C. Alison Scully and Franklin W. Ganse. The first practical and authoritative book on the subject. \$2.50

D. APPLETON AND COMPANY
35 West 32nd Street New York City

FASTEN IT *the right way* with BOSTITCH

EVERY LETTER of more than a page should be fastened with a Bostitch staple, placed diagonally in the upper left corner. Reading is easy, filing is easy; no part of your message will be lost and the flat Bostitch staple will not pick up other papers by mistake.



B-1 Desk Model
\$4.00
East of Mississippi

The B-1 is but one of a complete line offered by the world's largest maker of fasteners, tackers, stitchers, and staples.

Write for catalog or trial offer

BOSTITCH
SALES COMPANY
EAST GREENWICH, R. I.

their husbands as much as possible, and apparently a good time is had by all."

"Cincy's" convention chief spends her vacations in an unusual manner. Instead of going to Atlantic City or the other resorts, she frequents cities and sections which send the most delegates to Cincinnati conventions. When residents of those places come to her city, she is able to speak with knowledge of their own home-towns. "It pleases them," she explained, "and makes them feel kindlier toward Cincinnati, I hope."

Miss Pace's value was recognized several years ago when she was appointed assistant manager of the convention department. Last year, "Tom" Quinlan resigned to become general manager of the Funeral Supply Exhibit Bureau sponsored by the Casket Manufacturers' Association of America. Naturally, it was thought that a man would be chosen in his stead.

Temporarily, as usual, Amy Virginia Pace, due to her intimate knowledge of the work, was named acting manager. "She's only a girl," mused the wise-acres. "That's a man's job; it calls for a 'mixer.' Watch Cincinnati lose conventions: she won't last a month!"

But Cincinnati didn't lose conventions; it gained them. What Miss Pace lacked in "mixing" ability she made up by diplomacy and continuous effort. In January, 1930, she was permanently appointed convention manager and is setting a pace that will be hard to follow.

Of her many amusing experiences, one that stands out, she says, was when she escorted several hundred women through Cincinnati's finest department stores. After the party had inspected goods valued at millions, several of the visitors chirruped:

"Now, girls, let's go to Woolworth's!"

HARRY V. MARTIN

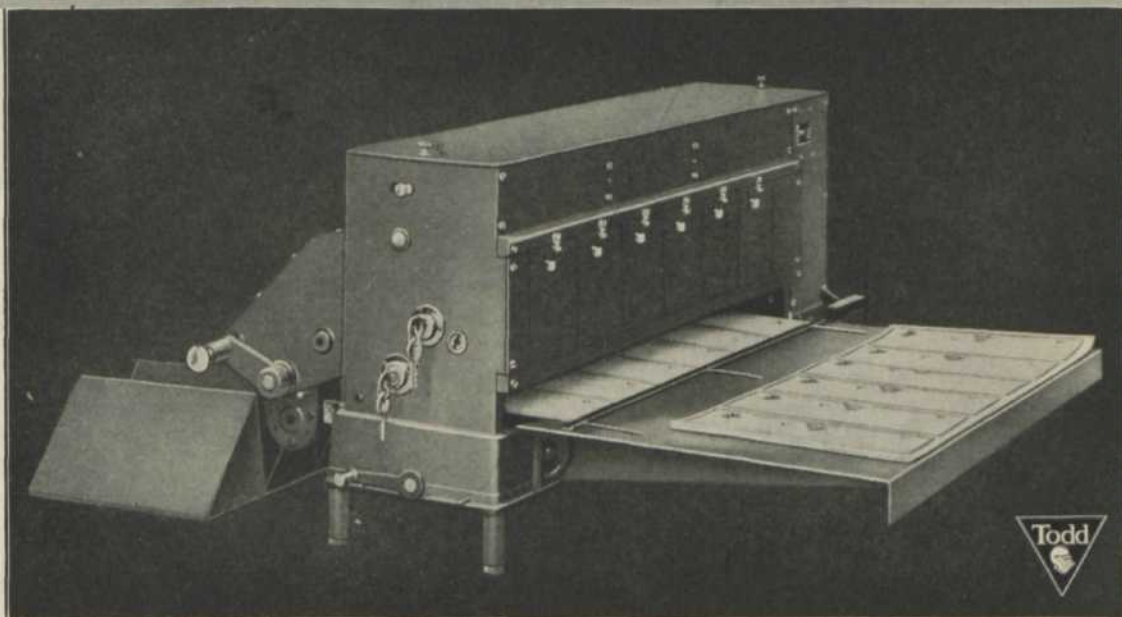
Chain-Store Personnel

IT HAS gradually become an open secret that one of the chain-store concerns hasn't been doing well with many of its newer stores, and the explanation is that it can't obtain the right kind of personnel as rapidly as needed.

One successful chain-store man tells me that the best practice in starting new stores is to add only one at a time, and open it with personnel already tried.

The special difficulty in obtaining suitable personnel for chain stores is that the hours are long with the necessity for honesty and reliability rather high.

MUCH SWIFTER, SIMPLER, SAFER THAN EXECUTIVE FOUNTAIN PENS... THE TODD CHECK SIGNER



THE executive, whose duty it is to sign checks, can hand-sign about 300 an hour—if he's a rapid penman. But it's grueling, cramping physical labor. It drains the energy and wastes the time of a man who should be devoting himself to more profitable duties. Efficiency and economy demand that check signing be made a detail task like typing or filing. City and state governments, banks, railroads, public utilities and manufacturers of all kinds everywhere have proved its possibility—by the installation of a Todd Check Signer.

Electrically operated, the Todd Check Signer requires the attention of only one employee. Sheets of checks fed into the model shown above are signed, cut and stacked in numerical order at the rate of 7500 an hour. With practice, much higher speeds are attained. Two Yale locks and a built-in meter, which records every check passing through the machine, simplify the matter of executive supervision. A smaller model signs 1200 checks an hour.

The Todd Check Signer, signing checks fifteen times faster than they can be done by hand, obviously will soon pay for

itself as well as for the checks it uses! And it is not only swifter, but very much safer. Its signature appears upon an intricate background, accompanied by a facsimile of an individual, a building, a trade-mark or some other distinguishing emblem. It is more difficult to counterfeit than any other ever devised.

For full information about the Check Signer or any other Todd product, address The Todd Company, 1130 University Avenue, *Protectograph Division*, Rochester, N. Y. *Sole makers of the Protectograph, the new Super-Safety Checks and Todd Greenbac Checks.*

THE TODD COMPANY, *Protectograph Division*
1130 University Avenue, Rochester, N. Y.

11-30

Please send full information regarding the Todd Check Signer.

Name _____

Address _____

Business _____

TODD SYSTEM OF CHECK PROTECTION



Like
a hole

in your pocket



For 85 years American-LaFrance has held undisputed leadership . . . 90 percent of America's communities are LaFrance equipped.

LaFrance apparatus of today embodies sweeping advances . . . years ahead of their time. It minimizes the gamble with fire.

Every citizen should know all about LaFrance *modern* fire-fighting. Ask us to send some highly interesting, informative publications . . . free, of course.

AMERICAN-LA FRANCE AND
FOAMITE CORPORATION
DEPT. D71 ELMIRA, N. Y.

You pay a fire tax every time there's a fire *anywhere* between Palo Alto and Eastport. That's inescapable.

The hole that America's costly fires have burned into America's careless pockets is growing smaller, true . . . but slowly and expensively.

One big way to reduce this fire-tax is to make sure your community has modern LaFrance equipment to fight fire.

If you, as a business man, would *reduce* this loss, visit your local fire houses. See if the apparatus is of the vintage of long ago or the LaFrance fire-fighting clan of today.

Give your firemen a chance. Ask your chief about LaFrance. Make your community *protect* what you own, those you love. *Reducing* the loss lowers the cost. Think it over.

LA FRANCE AND FOAMITE PROTECTION

AN ENGINEERING SERVICE

AGAINST FIRE



Human Nature in Business

By FRED C. KELLY

RECENTLY I was in the office of a man whom I had often heard mentioned as one of the most successful purchasing agents in the country. While I was waiting to see him, I heard him tell a caller:

"I like your goods and your price is certainly low enough; but I have so much similar stuff on hand right now that I can't buy from you."

After the man had gone, the buyer said to me:

"That fellow sells for a concern that makes very high-grade goods, but he is asking too high a price."

"But you told him his price was low enough," I reminded him.

"Ah, yes," admitted the buyer. "I did have to tell him that little fib. You see, if I were to complain about his price being too high then he might cut it and many of our competitors might get the benefit."

IT has just dawned on me that there is a simple reason why some bankers so often try to discourage a corporation from paying most of their earnings out in dividends, no matter how much money they already have in their surplus.

The banker is likely to advise adding to the corporation surplus and then after a few years have stockholders get the benefit of this by a dividend in the form of more stock.

The reason for all this is that the banker probably likes to see public interest in the stock. He prefers to see the price move up or down as this public interest increases or lessens, because it gives him and his friends an opportunity to take advantage of being "in the know" and to buy or sell shares at the right time.

The public buys stock when it thinks there may be a stock dividend in the near future. But the public often guesses wrong about this, whereas the insider can take advantage of his accurate knowledge of the corporation's plans.

If the corporation goes along year after year, simply paying most of its earnings out in dividends, then the stock probably has only mild fluctua-

tions, with no arousing of public interest, since there is no unexpectedly good news to guess at or trade upon.

A FEW industries have been making more money during the present period of depression than they usually do. They are the same industries that are ordinarily expected to be depression-proof—notably manufacturers of sporting goods, motion pictures, and cigarettes.

One big factory devoted to golf clubs and balls is busier right now than for several years. When a man is out of work, or working only part time, he feels that he might as well get needed exercise and be all the more fit for a job when one is available.

Likewise, during his period of enforced idleness he finds solace in cigarettes and motion pictures.

OTHER corporations enjoying special prosperity this year include a number that benefit from road building. This has been one of the chief methods used in the present depression to take up the slack in unemployment.

ONE of the most successful speculators I know, both in stocks and commodities, such as cotton and grain, has been telling me about a few of the rules that he tries to follow. Here are the ones that seem to me most important:

He always follows the market. That is, he studies the market and makes up his mind whether the trend is up or down and then goes along with it. He is always short of stocks when the trend is downward and owns stocks when the trend is upward. But he never owns any stocks at the same time that he is selling other stocks short.

He cuts losses instantly but lets gains run. He tries to buy at a time when stocks are not going down even temporarily. If he finds that he was wrong and his stocks go down, he assumes that there is no telling how wrong he may have been and that they may go down even more. But so long as he thinks the

trend is upward, he is in no hurry to sell stocks in which he has a profit.

He always has the same volume of funds at hazard. He decides how much money he cares to risk in the market and does not add to this when unusual bargains are available. Neither does he add to it to protect stocks when the market goes down. Instead, he sells enough stocks to avoid need of adding more funds.

He never takes a view but always a position. In other words, he doesn't merely decide that stocks are cheap, or overpriced, but *acts* on his opinion.

HE never scales downward. That is, he never buys more of a stock at a lower price than his original purchase, to make a lower average cost. Until the first purchase confirms his judgment by showing a profit, he lets that stock alone.

He never tries to participate in a stagnant market. If the market is dead from lack of public participation, he assumes that it can't well decline or advance until a considerable number of people begin to buy or sell. He therefore does not place his money where it is likely to stand still.

He remembers that it is always easier to buy than to sell. He is quick to sell when he thinks prices are high enough, but knowing that a man with cash can always buy, he is not too eager to seize upon what appear to be bargains.

He *buys* the cheapest kind of the lowest grade of speculative commodities, but *sells* the highest priced and highest grade. This is because he assumes that, after a decline, the cheapest kind of the lowest grade has gone relatively lower than any others, and is therefore less likely to go still lower, after he has bought. But when prices are all too high, the best grade has probably been popular and more thoroughly exploited beyond its price than any other.

In other words, when a thing has merit, it is easy to make the public believe that it has even more merit than it actually does have. Such stocks or goods should therefore be sold when a decline in prices is imminent.



ON A THOUSAND white-lined football fields, coaches are urging on their squads, barking frenzied exhortations, striving to instill in their charges that spark of dogged determination known to every player of this challenging game as "fight."

The International Correspondence Schools have no football team. They have no college colors. No college yell. But a hundred and eighty thousand I. C. S. students throughout the world have that quality of determined courage that wins, whether in football or in life—"the old fighting spirit."

In vivid action, in the photograph above, is shown a mighty football player. One of the greatest backs, in the judgment of many critics, who ever wore cleats. He is Captain Frank B. Goettge, of the United States Marine Corps. Captain Goettge today is assigned to duty at Marine Headquarters in Washington, as aide-de-camp

to Major General B. H. Fuller. He still cherishes his I. C. S. diploma in Bookkeeping, Accounting and Auditing, earned while he was stationed at Quantico.

Few of the thousands who enroll each year for courses with the I. C. S. have Captain Goettge's opportunity to show their prowess on the gridiron. But in silent, lonely battles under the study lamp they buck the line of learning, night after night. Without the glory of moleskins or the cheers of the multitude they continue doggedly to play the game.

These men, almost without exception, work all day for a living. Some are already in the executive class; others are toiling in routine jobs. But to every one of them home study means a definite sacrifice of ease and pleasure. With full knowledge of this fact they choose the harder way—the way that leads to ultimate success.

More than seventy per cent of the students enrolled for I. C. S. training are studying courses that will make them better workmen in their present jobs, or that will lead to promotion along the line of their present employment when an opportunity offers.

Are any of your own workers preparing themselves for greater responsibilities through I. C. S. study? Or do you know of men in your employ who are eager to work for advancement but who still need technical training before they will be ready? In either case your counsel and your interest in their careers will be well repaid. For a man with the fighting spirit is a man with a future.

Write today for our booklet, "The Business of Building Men," and learn how more than 2300 industrial organizations are co-operating with the International Correspondence Schools in the training of their employees.

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Indianapolis Stores End a Nuisance

By CARTER H. HOLLAND

RETURNS of 75 per cent of merchandise purchased were not uncommon when the Merchants Association acted to stop the practice. Then it devised a plan which ended the abuse without offending the customers

DURING the three days of May 12, 13, and 14, more merchandise was returned to Indianapolis merchants than in any previous month. The reason was the announcement in the local newspapers that, beginning May 15, all members of the Indianapolis Merchants Association would adopt a plan which forbids, under certain conditions, the return of merchandise. Most habitual exchangers and returners hastened to unload the merchandise they had purchased with no intention of keeping. A few disregarded the warning and later learned that the Merchants Association meant what it said.

Association members no longer have to listen to stories about why merchandise should be exchanged or credited, ending with, "I'll take my trade elsewhere."

If Mrs. Unfair Returner wants to take her trade elsewhere that, of course, is her privilege. One imagines that these merchants smile to themselves as they make out a red slip explaining why Mrs. Unfair Returner is taking her trade from them. This red slip goes to Merchants Association headquarters where it is reproduced and sent to all members. Mrs. Unfair Returner soon learns that no other merchant is interested in having her patronage and after her indignation has cooled she generally returns to the store of her hasty departure.

This plan is fast weeding out the undesirable customers and the merchants are opening their eyes in amazement as they read the reports of demands for exchange and credits indicating the abuse thrust upon them before the in-

ception of the plan. Practically every merchant would have denied that his returns were so great. Less than three months old, the plan has brought results; some of the members cutting returns as much as 50 per cent.

Breaking a bad habit

THE habitual returner has been benefited by being broken of a habit which, whether he knew it or not, was making a nuisance of him. Returning or exchanging has been all too easy, the merchant unthinkingly encouraging the habit. Sales help in the stores is now more alert, not only to prevent returns

but in general sales. The credit department has benefited as has the delivery department.

W. E. Balch, for 23 years manager of the Indianapolis Merchants Association, gathered ideas and experiences from associations throughout the country before drawing up the new plan. Then he called together the heads of seven of the largest store members and presented the plan to them.

Merchants encouraged returns

"EVERY merchant who is truly a merchant," says Mr. Balch, "knows that he is about 50 per cent wrong in the return of merchandise himself. Merchants are lax in selling their merchandise. Too much of it is sold with the understanding that, if it doesn't suit, the customer can exchange it or return it for credit. In reality they themselves have put the idea of returns into the customer's mind."

At that initial meeting, this phase was thoroughly thrashed out and admitted. The rest was comparatively simple and the plan was immediately approved. The next step was to call a meeting with the superintendents of these seven stores. Here again the plan was carefully examined and changes made which would make it suitable for all members in its entirety. It was then presented at a meeting to all members of the Association and adopted 100 per cent.

Before it was put into effect it was necessary to explain it to all salespersons so that they could help correct the evil at its source, at the time of purchase. Ten letters were drafted, to be mailed weekly to the salespeople or passed about by each department head. These letters not only tended to stop the selling of merchandise with the understanding of an exchange or credit, but they explained how the salespeople would benefit and how they could increase their earnings by making "no come back" sales. Special letters were prepared for department heads and superintendents. These letters have inspired new enthusiasm and sales forces



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Standardization of parts, assuring prompt repair service, when needed, at minimum cost.

New sturdiness of construction, giving greater dependability, greater freedom from repairs, and longer life.

New protection from the dust and dirt that wear out the movement.

New safeguards that do away with any possibility of tampering.

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have taken hold with a spirit that has played a large part in making the plan a success.

The newspaper publicity started May 12 with front-page news stories. Other news stories followed. Through these stories the public became fairly well conversant with the rules of the plan but, as a further precaution against misunderstandings, all members enclosed with their August statements a pamphlet outlining the rules regulating the return of merchandise.

Association makes the rules

THE Merchants Association is entirely responsible for the plan. Members take no responsibility. All pamphlets, newspaper publicity and placards carry only the Merchants Association signature. Thus the stores escape antagonizing customers. The customer is privileged to take his grievance to the management of the Merchants Association but the rules are clear and the customers have not taken advantage of that source of adjustment.

The plan does not mean that customers cannot return or exchange merchandise under all conditions—it means only under certain conditions they cannot return or exchange their purchases. Non-returnable articles include:

Bedding and mattresses; garments that have been altered for the purchaser; shoes which have been altered; combs, hair brushes and tooth brushes; hair goods, hair ornaments and veils; rubber goods sundries; women's hats which have been made specially to the customer's order or which have been worn; all goods cut from the piece at the request of the customer; wearing apparel which touches the body should it have been worn; all merchandise which has been made to order or specially ordered.

No article will be accepted for return unless it is in its original condition; no merchandise of any kind which has been used will be accepted for return. The sales check should accompany all returned merchandise and will not be credited to the person receiving the gift. Gifts of all kinds (Christmas, wedding, birthday, etc.) if returned will be accepted only in exchange for other merchandise. Any article which is to be returned must be returned within six business days.

All members use their discretion in accepting returns or exchanges. Should any member feel that the customer is asking an unjust and unfair exchange or return, it is his duty to make out a red slip for the Merchants Association. This slip gives the name and address of

the customer and all details pertaining to the attempted return or unreasonable claim. The Association includes these reports in a bulletin which goes to all members every few days. In this way all members are advised of the entire transaction, but not the name of the member making the report.

A glance through these bulletins discloses some interesting facts. For instance, the report for one customer showed 57 per cent of purchases returned. Another returned 42½ per cent, while a third sent back 49 per cent in six weeks. Another returned 71 per cent, while another returned practically everything purchased. One purchased \$975 worth of merchandise and, after 30 days, returned 75 per cent of it.

The wife of a merchant who operates four stores in four smaller Indiana towns had been buying merchandise, keeping it 30 to 60 days and then returning it. Her returns were 100 per cent and her husband sells in his own stores the same class of merchandise she has purchased and returned.

Another woman purchased a pair of gloves for \$1.49. Sixty days later she returned them, soiled and worn through the palms; she claimed she had only driven her car 30 miles when the holes appeared and since then they had been in a dresser drawer in her home.

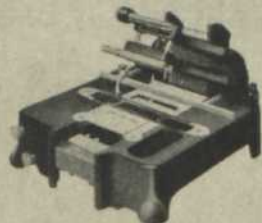
Reports of unjust returns and unreasonable claims have been put in the bulletins at the rate of 15 to 20 a week.

They know chronic returners

IF OTHER members take the business of the claimers and returners they do so with their eyes open. But they are not taking them and as a result, business is becoming stabilized. If customers are entitled to an exchange or credit they get it and red tickets are not made out on such transactions. The object of the plan is not to antagonize customers or drive business away, but to discourage useless exchange and unfair claims.

As many nonreturnable articles may carry disease, the plan has the approval of Dr. Herman Morgan, secretary of the Indianapolis Board of Health. Among the members of the Indianapolis Merchants Association are two leather goods dealers, one bookstore, six department stores, two jewelry stores, three women's ready-to-wear, four men's furnishings, one art goods, one gift and silverware, six furniture stores, one piano store, one shoe store and one hardware store. In addition the plan has been adopted by the Indianapolis Retail Shoe Dealers Association and the Furniture Association of Indianapolis.

A STRAIGHT LINE



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Electric and automatic Addressographs—print through a ribbon—speeds from 2,000 to 12,000 impressions an hour. Electric machines \$295 to \$850—automatic machines \$595 to \$12,750, f. o. b. Factory.



Class 5200 Dupligrph produces 500 personalized letters an hour with name and address, salutation, body of letter and date. Prices \$300 to \$350. Other duplicating machines \$37.50 to \$2,025, f. o. b. Factory.

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Keeping on a satisfactory profit basis is always a real problem. Yet many concerns show good net profits even when gross revenue is off. They do it by cutting down expense. Their results show what can be done by eliminating waste, effecting economies—doing more at less cost.

With Addressograph you can both reduce operating expense and build business.

Use Addressograph to cut expense in every department of your business—in bookkeeping, record keeping, collecting, disbursing, billing, factory form writing, routing, duplicating, printing, and mailing. Wherever it's used, Addressograph does the job cheaper, without error, and 10 to 50 times faster than was possible by the old methods.

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advertising, to get the right message to the right buyer at the right time, to revive inactive accounts and get new ones.

Whatever your business, whatever its size, use Addressograph for "a straight line to results." The Addressograph representative in your locality will gladly submit definite ideas to you and demonstrate the profitable application of Addressograph to your problems of reducing expense, increasing sales—building profits. There is no obligation. Write now!

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WHAT I'VE BEEN READING

By WILLIAM FEATHER

President, the William Feather Company, Cleveland, Printers and Publishers

UNTIL the very last year of his life (J. Pierpont Morgan died a fortnight before his seventy-sixth birthday) a bulbous nose was the only outward indication of physical deterioration in a man who lived to the hilt, who was a heavy eater, a fancier of fine wines, an enormous smoker. From early manhood Morgan scorned physical exercise. In the mid-fifties he became alarmed over his increasing weight and toyed for a few days with dumb-bells and other gymnastic apparatus.

Feeling no better, he had himself thumped and tested by a famous physician. The latter told him:

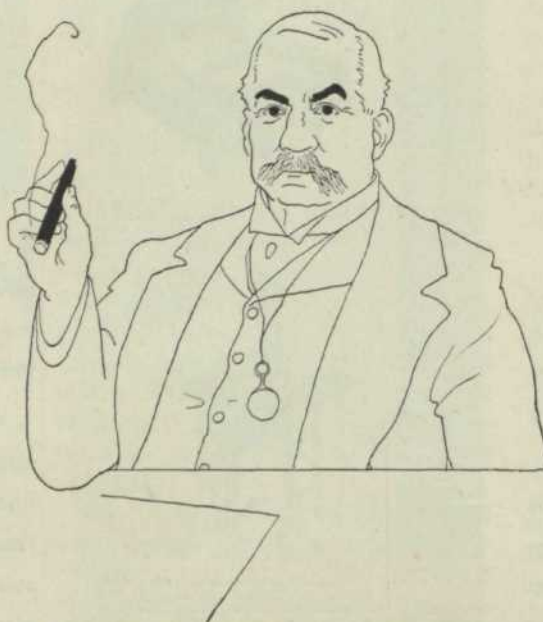
"You have worked all your life with your brain. Your body is secondary. Changing your habits might be fatal. Take no exercise in any form. Don't even walk a block when you can ride in a hansom. You have a magnificent constitution. Rely upon it!"

Morgan had cut down to 20 a day the big, black, murderous cigars he smoked and had toned down correspondingly in his other habits. Thereafter, though, he ate and smoked and drank as he pleased—and lived to attend the funerals of most of his contemporaries.

So writes John K. Winkler in "Morgan the Magnificent,"¹ a splendid portrait of the great bull of Wall Street.

As I read about Morgan I was reminded of many bulky and fearless labor-union presidents whom I have known. Their job is to protect labor. Morgan was much like these labor leaders except that his job was to protect capital, not against labor but against the rapacity and chicanery of greedy and ruthless scoundrels and promoters.

He was the beloved guardian of wealth that flowed to the United States



Morgan cut down to 20 a day the big, black and murderous cigars he smoked

from all parts of the world. Owners of capital poured gold into his lap, knowing that he would watch it and send them dividends. The development of this nation in the late decades of the last century might have been strangled had not a strong man repressed the senseless and vicious competition that threatened to dissipate millions of capital. Morgan's rough methods were needed in dealing with the pirates.

Morgan had character, a quality that was sorely lacking in his time. As his power increased, he compelled others to conform to his code. His autocratic methods could not be tolerated today, but at the time they were necessary and they produced results.

The title "magnificent" is a proper description of the man, whether you like him or not. He carried burdens that would have exhausted a dozen ordinary men. His sense of superiority was so deep that other men of great capacity were glad to run errands for him. He did not fight for leadership—in every crisis he was unanimously acclaimed leader.

A feeling for religion and beauty supplied an escape from the cares of his

job. Art and the church claimed his first attention throughout his life.

Apparently he had no intimate friends. When at leisure he spent much time alone, playing solitaire. One June morning, James Stillman found Morgan alone eating strawberries in his London garden.

"What brought you to see me, Stillman?" Morgan asked after an exchange of greetings.

"Oh," replied Stillman, "I thought you might be lonely."

Morgan leaped from his chair, ran around the table—and kissed Stillman on the cheek!

A deep affection existed between Morgan and Judge Gary. Morgan's confidence in the Judge was absolute. He gave him full support in every crisis. Without this, Gary could not have controlled the quarrelsome factions in the early years of the United States Steel Corporation.

THE latest book by Arnold Bennett is a collection of notes from his diary. Bennett writes such a book almost annually. I buy them as fast as they appear although they make expensive reading.

"Journals of Things Old and New"² sells for \$2 and can be easily read in two hours. But two hours of Bennett's companionship is worth \$2.

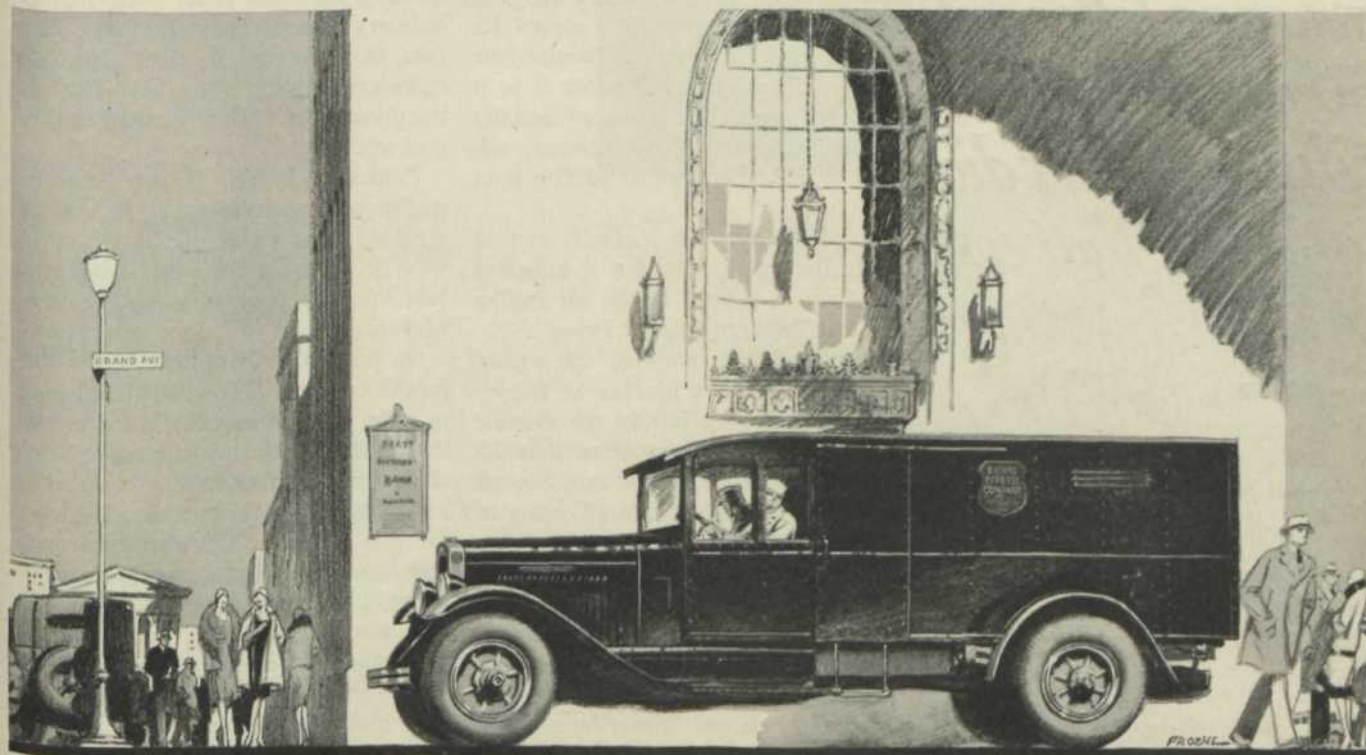
The man makes splendid copy from a conversation with a steward on a ship, a visit to a cafeteria, shopping for a reasonably priced hotel room, the analysis of an eight-franc charge for a bath, a walk in Sloane Street.

He is unashamed of his interest in little things. The way his tea is served is as important to him as the League of Nations. In his diary he makes copy of

²Journals of Things Old and New, by Arnold Bennett. Doubleday, Doran and Company, Inc., Garden City, N. Y. \$2.

¹Morgan the Magnificent, by John K. Winkler. The Vanguard Press, New York. \$3.50.

Brink's have over 500 International Trucks in Service ...but not a Single Service Station



Brink's experience with trucks takes in many makes and many years. The result has been complete standardization on Internationals.



The complete NEW line of International Speed Trucks and Heavy-Duty Trucks is on view at Branch and Dealer Showrooms throughout the United States. Ask for a demonstration of any model at your convenience.

HERE is a mammoth transportation company that has been enabled to hold down its investment in truck-service facilities to a minimum because of the outstanding service rendered by the company from which it buys its trucks—International Harvester.

Brink's Express Company owns a fleet of over 500 Internationals. They have branches in 78 of the largest cities. Their trucks serve these and 537 other cities and towns. Yet Brink's do only the emergency servicing themselves.

The bulk of this big service job is handled by International Harvester. From routine greasing to mechanical maintenance, the work is done by trained mechanics in our 161 Company-owned Branches.

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Brink's rigid schedules must not be interrupted. Brink's Express transports money—all the money in the world, you would think, for their annual volume in actual worth is nearly fifty billions of dollars.

Brink's Internationals have bodies of two thicknesses of steel, and windshields of bullet-proof glass. In every mechanical detail these trucks are built to provide the surest kind of transportation. They are so serviced that they go on providing it, for International Harvester has service wherever Brink's have trucks.

It is this unique "after-sale" service that has helped to give International Trucks their fame. Every user swears by it and so will you when you put your first International to work—and your five-hundredth!

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Does our average letter cost 50¢ and will the facility of direct dictation cut that cost in half?



It will be simple to prove this. And it will amaze you to learn the high price you are paying for twice-written letters — once in a note book, once on the typewriter.

Let us prove this. Telephone "The Ediphone," your City, or ask us for the book, "An Easy Way to Chart Your Correspondence."

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the former and ignores the latter. Interest in his reactions is insured by his honesty. On page 219 he talks of authors' royalties and scoffs at the public's notions about the size of writers' earnings. The sale of the usual fairly successful novel comes to an end within six months of publication. Some then go into cheap editions, but the royalties of the authors from these are trifling.

Of the 75 books written by Bennett, one published some 20 years ago still has an annual sale of 3,000 copies. Its title is "How to Live on Twenty-four Hours a Day." Bennett wrote it in a couple of weeks. It appeared serially in a daily paper. He was strongly advised by an expert not to publish it in book form.

The following is not exactly typical of the Bennett journal but it indicates that there is a good reason for calling him the "Modern Samuel Pepys":

"A rich friend of mine," he writes, "gave a party to a number of fellow-clubmen. Not very late in the evening two facts became known. First that the supply of whisky had run out. Second that the members of the hired orchestra were all drunk. So the party came to an end. Why it should have come to an end I could not understand. For neither whisky nor music was really necessary to the continuation of a party of men who undoubtedly had considerable intellectual resources. Nevertheless, the party did come to an end."

"PSYCHOLOGY OF ACHIEVEMENT" by Walter B. Pitkin, professor of journalism at Columbia University, contains 503 pages, including the glossary, index, and a note about the author written by the publishers. The biography appears at the end of the book.

Since I began writing this page in NATION'S BUSINESS I have been urging publishers to include in all books a brief biography of the author.

"Who is this man?" is the first question asked by the prospective buyer of a book.

I mention the number of pages in the Pitkin book because I think the book is too long. What is written could have been expressed in half the space.

At the outset, Professor Pitkin distinguishes between success and achievement. He accepts the dictionary's definition of success as the "favorable termination of anything attempted." Anyone who has a modest ambition

can be successful under that definition. "Achievement," Pitkin says, "is distinguished successful endeavor, usually in the face of difficulties."

The essential factors in high achievement are energy, interest in the job, healthy emotional equipment, and intelligence. Each factor is exhaustively treated.

The thesis of the book is that those who achieve are superior people. They do more work and better work than the ordinary person. They sleep less. They take more interest in their jobs, and concentrate more. They have few distractions. They are on their way to their goal at 20.

Professor Pitkin is an incurable scoffer and wisecracker, a fact which gives relish to pages that might otherwise be dull. On the other hand, this fact robs the book of value for those who might turn to it for "inspiration."

On page 428 the author states that people of superior minds are inclined to suffer from insomnia. He then states that the habit of many is to take a drink of liquor at bedtime.

"Alcohol is not a stimulant," he says. "It is a narcotic. It disorganizes one's activities. For the man who must work better, it is pure poison. But for the man who ought to quit work but cannot because he is so keyed up and delighted with his tasks, may it not be the least harmful of all reliefs?"

"If so, then we have one odd conclusion. Superior intellectual people may require alcohol while the common man ought to be forbidden to use it. Then an ideal prohibition law would allot to each citizen one dram of raw rum per week for each percentage of I. Q. above 200! And the city of Washington would thereby become the driest city on earth."

TENS of thousands of laymen are seeking a safe place to invest their savings. Experience has convinced many of them that they are incompetent to choose safe and productive investments for themselves. The investment trust seemed to offer a solution. Last year scores of trusts were organized. They promised expert knowledge and experience in management. The imagination of the public was touched, and millions were invested in the stocks of the trusts.

Few of the trusts escaped the stock-market cataclysm of last November. When the crash came many were holding common stocks that had been purchased at the very peak of the market. They suffered humiliating losses.

Nevertheless, in "Investment Trusts

"Psychology of Achievement," by Walter B. Pitkin. Simon and Schuster. New York. \$4.

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● Many a firm has found that speeding up figure production with the Merchant is a sure way of speeding up production in every department. Operating costs are cut all along the line... a big help in meeting today's keener competition.

More figuring with less work, in 25 to 40% less time, absolutely accurate, no checking back... that's what the Merchant can mean to you.

And at a small cost, for here is a full-size standard Merchant Electric Calculator for the price of a hand-operated machine! A sturdy, speedy electric that banishes 4-o'clock fatigue and prevents error, while enabling the operator to turn out twice the amount of figuring as on a hand-operated calculator.

True figures instead of complements permit many time-saving short cuts... Keyboard check dial gives straight-line easily read figures... Visible proof of each step, no refiguring necessary...

And many other important features that help make this Merchant Calculator the low-cost way to absolutely accurate figuring with a big saving in time and work.

Start now to speed up your entire business with an electric Merchant. Phone the local Merchant representative... or mail the coupon.



Adds · Subtracts
Multiplies · Divides
Banishes 4-o'clock
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Gone Wrong!" John T. Flynn expresses the belief that the investment trust is a sound idea. He thinks, however, that legislation is needed to curb many glaring abuses. He does not like the secrecy under which most of the trusts now operate. For example, only those that are listed on the New York Stock Exchange are required to publish their portfolios. Flynn also fears that managers of investment trusts, by owning special stock which gives them control, may easily be tempted to use the vast sums of capital to promote their own selfish interests.

More than a score of investment trusts are mentioned by name. The peculiar interlocking features of certain groups are traced. It is spicy reading.

NORMAN DOUGLAS, author of "South Wind," was given a copy of "Mother India" some time ago. The reading of it made him so angry that he determined to write a similar book on Western civilization. "Goodbye to Western Culture" is the book.

I have not read "Mother India," but I assume that it struck Douglas, who has visited that country, as quite unfair. But unless it was a more effective indictment of a civilization than this book on Western culture, I cannot understand why it made Douglas angry. In my opinion, "Goodbye to Western Culture" is a feeble effort.

The author is excited about our prohibitory legislation, our hangings, our orphan asylums, our brutal treatment of animals, our passport regulations, and the bad manners of our customs officials. Stupidity and meanness are annoying wherever encountered, but the examples cited by Douglas hardly justify an indictment of a whole civilization. The book, however, is not without redeeming qualities.

"We Europeans," he says, "have improved on the Oriental system of infanticide. Save for a little amateurish overlying and an occasional foetus down the lavatory pipe, the custom has grown obsolete. We have birth control and other tricks that get at the root of the matter. Their only drawback—a serious one—is that they destroy males and females indiscriminately."

Douglas points out that polygamy thrives in certain parts of the East, a man's income being the only limit to

the number of wives he cares to support. Western males, he contends, are polygamists, but their polygamy is practised on inexpensive lines and with a minimum of personal responsibility.

"Our European rule runs to the effect that a man's mistresses are to be kept by their husbands."

In urging young men to go East and to "leave behind the frowsy and fidgety little hole called Europe," Douglas contends:

"Oriental life engenders self-respect and ease of soul. This is what makes sensible people homesick for the East. That is what we Europeans lack and what we need more than anything else; they are qualities so rare nowadays that most of us have forgotten what they mean."

Best line in the book:

"A man who reforms himself has contributed his full share towards the reformation of his neighbor."

"ONLY SAPS WORK" is a lively review of dozens of forms of racketeering. Since some business men are the partners of racketeers and many more are the victims, I recommend this book to those seeking ways to stop preventable leaks in their bank accounts. The author makes the following statement and I see no reason to doubt it: "If a business organization or a labor union makes a deal with a racketeer, it won't be long until the racketeers are running the business or the union. In other words, it's harder to 'muscle' a racketeer out than to keep a racketeer from 'muscling' in."

The author suggests that the anti-trust laws are one cause of racketeering. Plug-uglies are used to eliminate senseless and ignorant competition. In several large cities, unwelcome price-cutters are beaten and bombed out of business at the suggestion of established companies who wish to keep the field profitable for themselves.

Thieving, arson, bomb throwing, fake bankruptcy, and fake fires are well-established and well-organized forms of racketeering. Fake year books, programs, and benefits are common. The racketeer is in almost everything. There is nothing particularly new about him or his game. Until prohibition came along, he was a shyster and petty criminal, living an uncertain economic existence. Bootlegging put him in funds. Now racketeering is a big business, and getting bigger every day.

"Only Saps Work," by Courtenay Terrett. Vanguard Press, New York. \$2.

"Investment Trusts Gone Wrong!" by John T. Flynn. New Republic, Inc., New York. \$1.

"Goodbye to Western Culture," by Norman Douglas. Harper & Brothers, New York. \$3.

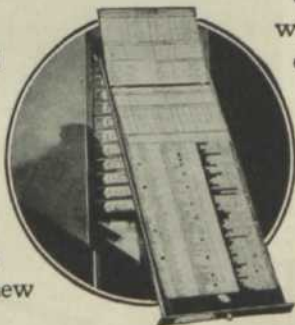
"How many of your users do you sell again?"

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Carrying Charges*

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Remington Rand does not have to sell you this machine or that ... this particular system or that one. It cannot serve you at all if it cannot help you to operate more economically or efficiently. Consequently it is free to fit its recommendations to your needs exactly.

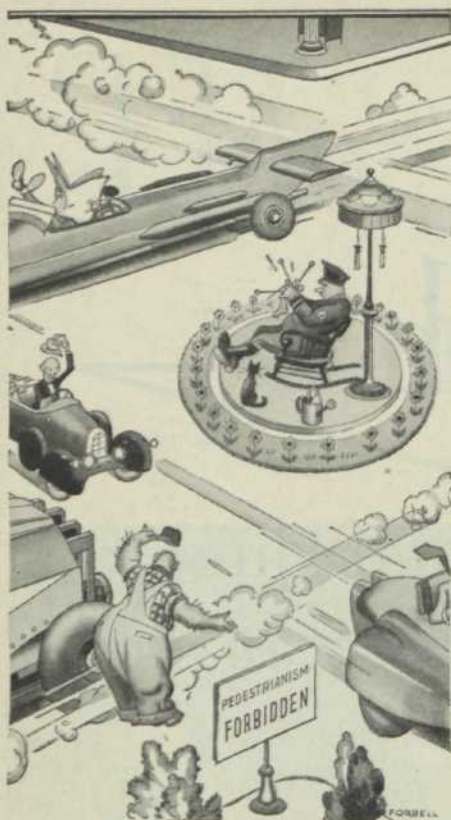
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On the Business Bookshelf

"TRADE ASSOCIATION Management" was developed from the courses of lectures given over a period of seven years at the National Institute for Commercial and Trade Organization Executives. The book is probably the most authoritative work published in the field.

However, this volume gives only a general picture of trade association management. Detailed and more comprehensive instruction on trade association management is given in the advanced courses at the Institute. This book is used as a text in the first-year trade association course, but is supplemented by lectures.

The subjects discussed include objectives, financing, membership building and maintenance, committee organization and procedure, office-management procedure, conventions and program building, collective activities, collection and presentation of statistics, association literature, responsibilities, and opportunities of an executive.

THE title, "The Quicksands of the City," may sound lurid to American ears, but the subtitle "and a way through for Investors," reveals the book for what it is—a most sound and understandable discussion of the pitfalls which beset the path of the seeker of sound investments. Though written for an English audience (an American edition is being brought out), the book contains much to commend itself to American readers, for after all the quicksands of Wall Street and those of the City carry their victims to similar unenviable fates.

"The way through" that Mr. Withers sees for the English investor is *via* the investment trust companies—and lest his advice be taken too lightly on this side of the water in view of the records of some American companies carrying that name, it may be added that he carefully defines just what kind of investment trust companies he means.

"INSURANCE: Principles and Practices" gives an interesting and clear exposition of the intricacies of the insurance business. The revised edition is more comprehensive than the original; it also has review questions at the ends of the chapters—a change of much

value to those who wish to study it as a text.

The sections treat life insurance, fire insurance, compensation insurance, marine insurance, title, automobile, credit, and other insurance.

Trade Association Management. National Institute for Commercial and Trade Organization Executives, Chicago.

The Quicksands of the City, by Hartley Withers. Jonathan Cape, London. 6s.

Insurance: Principles and Practices, by Robert Riegel and H. J. Lowman. Revised Edition, Prentice-Hall, Inc., New York.

Recent Books Received

The St. Lawrence Waterway Project, by George Washington Stephens. Louis Carrier & Co., Montreal and New York, \$7.50.

Harvard Advertising Awards, 1924-1928, Graduate School of Business Administration, George F. Baker Foundation, Harvard University. McGraw-Hill Book Company, Inc., New York, \$2.50.

Planning and Control of Public Works, report of the committee on recent economic changes of the President's Conference on Unemployment. National Bureau of Economic Research, Inc., New York.

Why You Win or Lose: The Psychology of Speculation, by Fred C. Kelly. Houghton Mifflin Company, Boston and New York, \$2.

Science of Value: Solving It, by Henry Rawie. Williams & Wilkins, Baltimore.

The Financial Organization of Society, by Harold G. Moulton. Third Edition. The University of Chicago Press, Chicago, \$4.

Greece Today: The Aftermath of the Refugee Impact, by Eliot Grinnell Mears. Stanford University Press, Stanford University, Calif., \$5.

Business Service in Public Libraries of 109 Large Cities, by Marian C. Manley. The Public Library, Newark, N. J.

Coordinated Motor-Rail-Steamship Transportation, by G. Lloyd Wilson. D. Appleton and Company, New York, \$3.50.

Legal Aspects of Commercial Letters of Credit, by Herman H. Finkelstein. Columbia University Press, New York, \$7.50.

The Recall of Public Officers, by Frederick L. Bird and Frances M. Ryan. The Macmillan Company, New York, \$4.00.

Hoosier Rhymes and Readings, by Virgil Ray Mullins. The Benton Review Shop, Fowler, Ind., \$2.00.

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Colonial Beacon Oil

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CONNECTICUT
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RHODE ISLAND
NEW HAMPSHIRE
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PENNSYLVANIA

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Name

Address

Business

When writing please mention Nation's Business

The Mexican Laborer and You

(Continued from page 44)

portance of Mexican immigration as a national rather than a localized or sectional question comes from the realization that the Southwest—California, Arizona, New Mexico, Texas and southern Colorado—produces annually from 300,000 to 500,000 carloads of vegetables, truck and fruits, which are transported across the continent and distributed to all parts of the United States. In the production of these vegetables and fruits—estimated to aggregate about 40 per cent of the nation's supply of these products—the humble Mexican immigrant has had an important part.

Helped develop the Southwest

THE development of the highly intensified agricultural industry of the Southwest has taken place in less than two decades, since the coming to this country of Mexican immigrants in large numbers. This has made it possible to a large extent for the average American wage earner, as well as the person in more affluent circumstances, to have these fresh vegetables and fruits on his table virtually the year around, no matter where he may live.

The Mexican immigrant in the last decade has become an important factor in the Southwest's economic life, principally as a common laborer in agriculture, on the railroads and in the mines. He is a natural cowboy and is found in numbers on the ranches. He has contributed appreciably to the productive wealth and prosperity of that section. In sugar-beet culture in certain limited areas of the north central states the Mexican laborer has taken a place of similar relative importance. According to reliable estimates, Mexicans constitute from 65 to 85 per cent of the common labor used in agriculture in the southwestern states. In sugar-beet production they perform about 65 per cent of the hand work in the fields; on 18 of the principal western railroads they comprise from 54 to 87 per cent of the section and extra gangs and in the southwest mines about 60 per cent of the workers. More than 80 per cent of the perishable commodities produced in the Southwest are handled in the field by Mexican farm laborers, who also are the dominating labor supply in the southwest cotton industry.

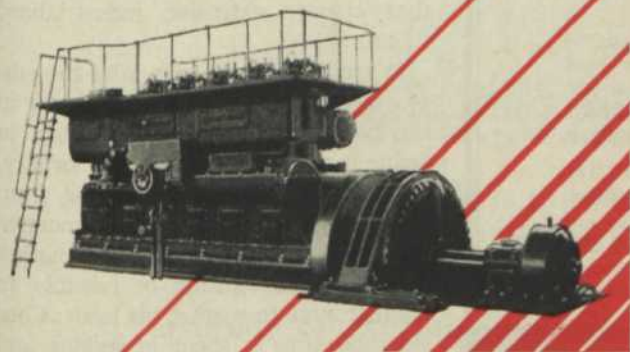
A large proportion of the crops grown in the Southwest, and also sugar beets, on which Mexicans perform most of the common labor, are designated as "stoop," "knee" and "bend" crops. These terms indicate the nature of the work required in planting, thinning, weeding and harvesting them. It is work that requires much back bending, stooping, kneeling and, in some cases, even crawling across the fields on all fours, or working in a stooping posture all day, day after day, until specific operations are completed. Obviously it is arduous, tedious, repetitive, monotonous and exacting work, often requiring the laborer to toil in the dirt, dust and heat. It must be done out in the sun—in the Southwest frequently in temperatures ranging day after day from 100 up to, in extreme cases, 145 degrees in the fields.

Because of the great variety of crops produced, the cropping process continues practically the year around in the Southwest. Naturally a great deal of the work of the agricultural laborers there is seasonal, and an immense army of casual migratory workers must be available to meet the growers' demands.

At certain periods of varying extent in all parts of this section many casual workers are needed in addition to the regular farm hands, for planting, irrigating, cultivating and harvesting various crops. Time is an important factor in nearly all these operations. Delay of even hours in a ripe-crop emergency at harvest time often may mean the loss of the farmer's entire year of production efforts and an aggregate loss of millions of dollars to the growers.

Seasonal workers are needed

SURVEYS of the common labor needs of California agriculture show that the slack demand for workers is in December, January and February; the need in March, April, May, June and November is more than 90 per cent greater than in the slack time; the period of greatest need is July, August, September and October, with nearly three times the demand of the slack period. September makes the heaviest demand for farm labor. Studies of the casual labor needs of California agriculture show that its requirements for transient or seasonal workers (in addition to regular or per-



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to unsuspected facts
about my own power
costs..."



... and now
a Diesel engine is paying for itself
out of the savings it has made possible"

HUNDREDS of executives can sum up their experience in reducing power costs in the above words. These men, realizing the need to cut production expense in every possible way, turned their attention to power costs and learned that they had been overlooking a most fruitful means of bolstering profits.

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A Fairbanks-Morse engineer—a thoroughly qualified representative of America's largest manufacturer of Diesel engines—will survey your plant and determine the facts about its use of power. He will tell you what your power will cost when generated by Fairbanks-Morse Diesel engines. By comparing this figure with your present costs you can determine the savings in dollars and cents.

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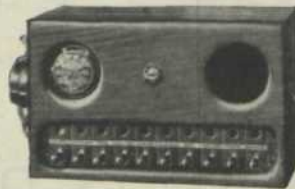
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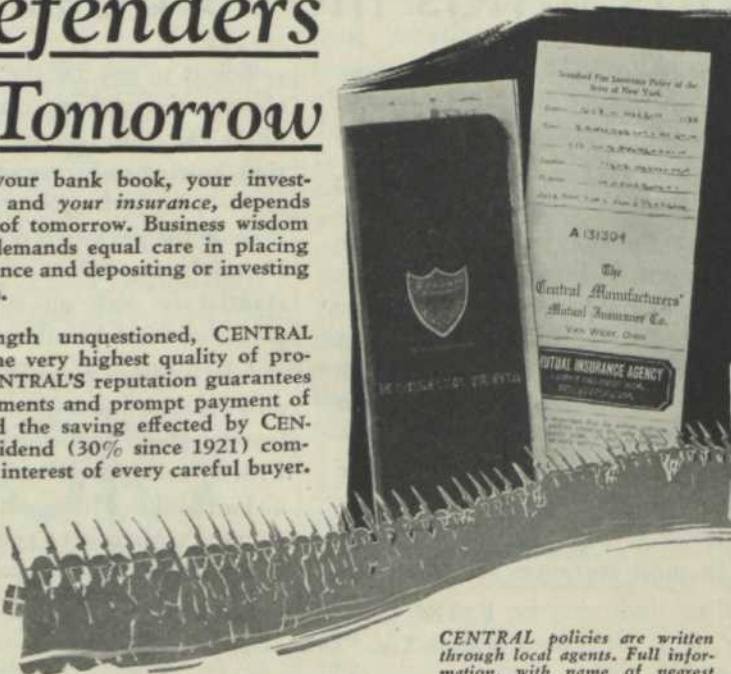
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With strength unquestioned, CENTRAL provides the very highest quality of protection. CENTRAL'S reputation guarantees fair adjustments and prompt payment of losses. And the saving effected by CENTRAL'S dividend (30% since 1921) commands the interest of every careful buyer.



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manent hands) ranges from 27,955 the latter part of February to 76,877 workers the latter part of September.

In connection with California's seasonal labor demands it is interesting to note that of the 136,400 farms in the state, 100,000 are of less than 100 acres, and 85,000 are of less than 40 acres. Eighty per cent of these farms are virtually one-man propositions except at harvest time, when they require from five to possibly 100 casual laborers each for a relatively short time. The small farmer there is as vitally concerned in having an adequate common labor supply as are the big farmers or companies that operate extensive industrialized tracts.

It readily may be seen why the employment of the agricultural laborer in the Southwest under methods now in vogue is not continuous in any locality, but may be for periods ranging from a few days or weeks, to a few months, and then the worker must go to another farm, another locality, or possibly to another state to market his labor. Considerable time is spent in seeking and traveling to new jobs. The laborer must be away from home and family much of the time unless he can move his family with him on his migrations.

Mexicans fit into the work

ALL these difficult aspects of the work in southwest agriculture combine to demand peculiar fitness, adaptability and disposition on the part of the workers. Some of the uninviting features surrounding common labor in southwest agriculture apply also to maintenance-of-way work on southwestern railroads which have extensive trackage in the arid and semi-arid regions, much of it across desert sands, and to the surface work required by the southwest mines.

Apparently the Mexicans are especially well adapted to the common labor tasks required in the Southwest; they are fond of outdoor life and rural occupations and are accustomed to the section's climatic conditions. They easily enter a nomadic mode of living which permits them to meet the seasonal, migratory demands of southwest agriculture, and they remain in farm occupations more loyally than other groups, the growers say.

Leaving aside controversial questions as to whether Americans can and will perform the common labor which the Mexicans do in the Southwest and whether or not these immigrants are displacing American workers in the tasks they perform, the fact remains that a large and valuable agricultural

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INDUSTRIAL COMMITTEE, CHAMBER OF COMMERCE,
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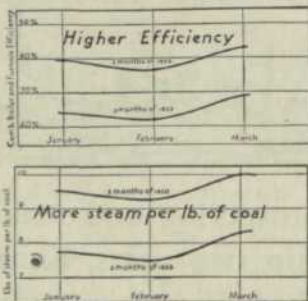
ONE industrial plant is doing it by means of a piece of equipment which will be exhibited at the National Power Show.

Instances of this kind occur frequently in the plants of alert, progressive, wide-awake, modern business men.

Visitors at this great National Engineering Exposition always find sure-fire methods for cutting costs by adopting the better ways of making and using power. Every existing plant can be materially improved.

Surely you can afford to invest in equipment that will cut the cost of your finished product five to ten percent or more.

Of course! Then you will join the thousands of engineers and executives who will spend as much time as possible that first week in December at the National Power Show.



December 1 to 6, Grand Central Palace, New York

Management International Exposition Company

4849

*Genuine
Engraved
Announcements*

A Social Necessity
A Business Preference

ENGRAVED STATIONERY MANUFACTURERS ASSOCIATION



This Mark of Genuine
Engraving guards against
disappointing imitations



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industry has been developed in that section, adding appreciably to the wealth of the nation as a whole, largely through the use of unskilled Mexican labor received through immigration.

A great majority of the growers and other employers of the section assert that the Mexicans are essential, as an acclimated, adaptable common labor supply, to the continued progress and prosperity of the Southwest; that to cut off Mexican seasonal labor, without providing a satisfactory alternative, would bring serious interruption to their agricultural operations, and to sugar-beet production in the north central states as well; that it would force the farmers to reduce their acreage, or possibly practically abandon production, of the more profitable intensive products and compel them to turn to growing general farm and field crops of which there already is a surplus, and that it likely would result in higher cost for farm labor and increased transportation charges.

Labor is needed in Southwest

IT IS further pointed out that a considerable decrease in production of present crops would mean heavy loss in tonnage and revenue to the railroads; would cripple industries built up in the Southwest as a result of and dependent on existing agricultural operations and would depreciate land values and investments incidental to these operations. Injury to the economic activities of this large section undoubtedly would be reflected in other parts of the country.

These are some of the economic disadvantages which many students of the question as well as leaders of the Southwest predict would result if the supply of Mexican common labor was cut off. Another result which must be faced, and which the average American consumer probably will appreciate more readily, is that, if southwest growers are obliged to curtail their production of vegetables and fruits or to abandon them, a large portion of our people will be deprived of an important food supply.

Although the overwhelming proportion of Mexican immigrants in the United States is concentrated in the southwestern and western states, yet in recent years they have entered to some extent as workers in industry in central, northern and eastern states principally in steel, metal, packing and automotive plants and maintenance-of-way departments of railroads. They also may be found in smaller numbers in certain



The difference need
not be great —

*to win a game
or to win a sale!*

MANY a big game is won by a single point. And it's the same in selling. Notice, for example, how often a single point of difference makes you choose one product in preference to another.

You need not change your product in order to get this edge on competition — often an improvement in packaging will do the trick. For, other things being anywhere near equal, the product that is *packaged* best *sells* best.

Modern wrapping methods can

1. Improve the appearance of a package — express quality and distinction.
2. Make the product yield greater consumer enjoyment and satisfaction, by keeping the goods fresher (extremely important in food-stuffs, tobacco, etc.)

3. Create sales by displaying the goods themselves (transparent wrapping).

Many modern innovations in packaging have been made possible by our wrapping machines. Serving the majority of America's package goods manufacturers over a long period of years, we have developed a large line of machines for wrapping a wide variety of products in many different ways. When you seek improvements in packaging, lower costs, or a way to wrap a new product, bring your problem to the Package Machinery Company.

PACKAGE MACHINERY COMPANY

Springfield, Massachusetts

New York

Chicago

Los Angeles

London: Baker Perkins, Ltd.



PACKAGE MACHINERY COMPANY

Over 150 Million Packages per day are wrapped on our Machines



Men who do their best work after 50 are those who have learned to REST...

ARTHUR BRISBANE, famous journalist, says, "The greatest loss to the world, and especially to America, is that caused by the death of men that die too soon. A man's best work should be done between fifty and seventy. And if he knows how to live wisely, his best thirty years may be found between fifty and eighty."

Tired nerves and weary bodies need rest, particularly during the Winter season, when sickness is most prevalent. A Winter cruise via *Red Star* or *White Star* Lines provides exactly the kind of rest that keeps men geared for successful endeavor. Medical authorities declare that nothing tones up the system so thoroughly—and delightfully—as a sea voyage. Let us tell you about the splendid winter cruises listed below:

World Cruise of the *Red Star* liner *Belgenland*, most famous globe-circling ship. From New York Dec. 15. 133 days. *Red Star* Line in cooperation with American Express Co. \$1750 (up)—including complete shore program.

Mediterranean—Four de luxe 46-day cruises by *White Star* liners *Britannic* (new) and *Adriatic*. Jan. 8 and 17, Feb. 26, Mar. 7. Covering principal points of tourist interest—Algiers, Italy, Greece, Holy Land, Egypt, etc. \$695-\$750 (up), First Class—\$420 Tourist Third Cabin, both including shore program.



RED STAR LINE WHITE STAR LINE

International Mercantile Marine Company
30 Principal Offices in the United States and Canada. Main Office, No. 1 Broadway, New York City. Authorized agents everywhere.

When writing please mention Nation's Business

miscellaneous manufacturing industries of this region.

Accurate figures on the number of Mexican workers and population at present in the northern and eastern states—and in other parts of the country as well—will not be available until the racial population statistics of the 1930 Census are completed.

In the 1920 Census alien Mexicans were recorded in all states and the District of Columbia, although there were less than ten each in Maine, Vermont, New Hampshire and Rhode Island. Of the 486,418 foreign-born Mexicans then in this country, 86.8 per cent were in California, Texas, Arizona and New Mexico. These four states, with Kansas, Colorado, Oklahoma, Illinois, Missouri, New York, Iowa and Nebraska, domiciled 96.5 per cent of all the alien Mexicans here in 1920.

In an effort to arrive at some idea of the distribution of Mexican immigrants in the United States, Dr. Manuel Gamio recently made studies of postal money orders sent by Mexicans in this country to their relatives in Mexico. His studies revealed that, during January and July in the period 1920 to 1928, inclusive, Mexicans sent postal money orders to

their homeland from every state, from the District of Columbia, Alaska, Hawaii and Porto Rico.

The 1930 census figures will be necessary to determine exactly what changes in numbers and percentages have occurred since 1920, but it seems safe to assert that at present some Mexican immigrants will be found in every state.

Becoming a national question

THUS certain social, and possibly economic phases of Mexican immigration are being brought more closely to the attention of our people in nearly all of the states, emphasizing the national scope of this question. Its bearing on our international relationships is another aspect of the subject which is of nation-wide concern. All the different phases of the issue indicate the need for intelligent and unprejudiced consideration of Mexican immigration.

In considering the question they should not forget the fact that, to a large extent, the American people are indebted to the sweat and brawn and industry of the swarthy immigrants from across our southern border for a considerable part of our essential vitamin supply.

I Quit My White-Collar Position

(Continued from page 48)

cusing specific members loudly and heartily backing my accusations with facts and figures that I could get mechanics when wanted; that a press didn't stay down half the day, maintenance work was done promptly, improved tools and gauges were provided on requisition and other things done that went toward running a department easily and efficiently.

All of this is now in my bouquet of memories and I'm not an old man yet by a darn sight. I'm back in the main office at a nice shiny desk with a stenographer. Moreover, the original scene of my operations having been merged, I have ridden that also. The operation wasn't painful; in fact, I welcomed it, for the company is now one of the biggest in the field and my chances that much better. By having had the opportunity in the factory I won recognition from the management. It wasn't so much me as it was the chance existing.

That is the factory—stand on both feet and do your stuff!

The factory changed my way of thinking and my treatment of things.

It gave me a thoroughness, the ability to think quickly and correctly, to meet emergencies and develop caution when needed. Before starting a job you were sure that it was right and what you made would be right. After playing with thousandths of an inch you didn't say, "Oh, that will do."

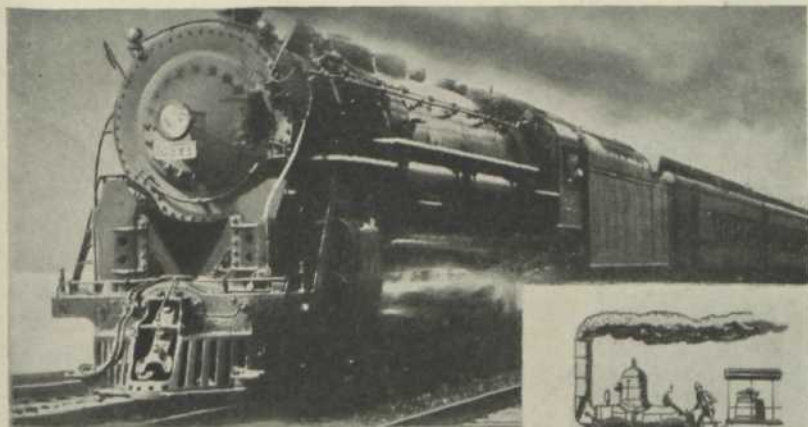
Spoiled goods point accusing fingers at those responsible and it is a mighty long time before the red figures disappear or the memory of them from your mind either. You become a little bit more careful of the other fellow's money, too. When you are bothered every day by requests for increases in rates from workers, your job sets its value and you know that to make more you, yourself, will have to show the way.

Obviously, a great many of us will have to work for a living, and more of us as the world grows older. The sooner we realize it and get started the better off we will be. Lacking genius, as many of us are, we will find that, in the factory, honest effort, plus real work, will bring the desired results, not only from a monetary standpoint, but by proving to ourselves that we can—and have!

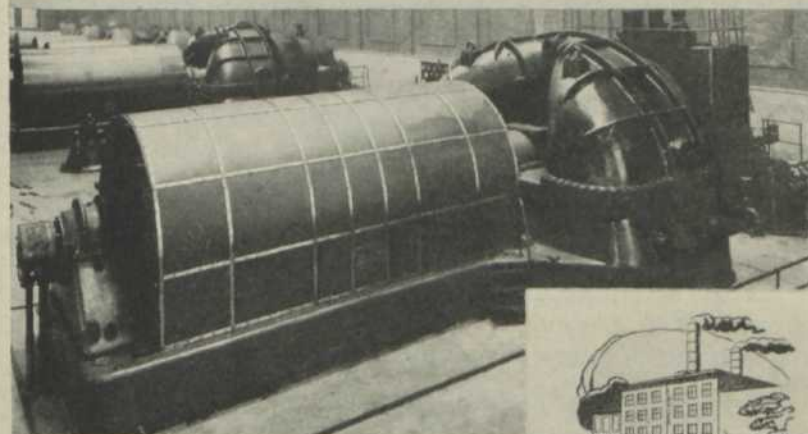
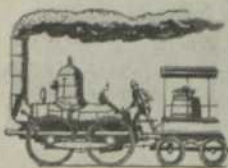
NEW YORK STATE

is over its "growing pains"...

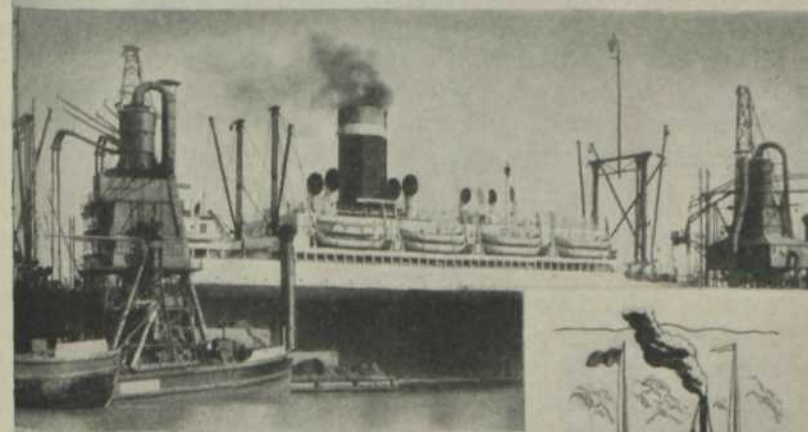
*but its growth
is just starting*



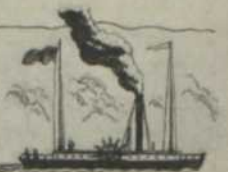
IN 1825 THE FAMOUS LOCOMOTIVE, "DE WITT CLINTON," HAULED TRAINS IN NEW YORK STATE. TODAY THE FAMOUS TWENTIETH CENTURY LIMITED DOES THE SAME THING



IN 1882 NEW YORK HAD THE WORLD'S FIRST ELECTRIC CENTRAL STATION... THAT OF THOMAS A. EDISON. TODAY THIS STATE LEADS THE COUNTRY IN USE OF ELECTRIC POWER



121 YEARS AGO THE FIRST STEAMBOAT... FULTON'S "CLERMONT," PLIED THE WATERS OF THE HUDSON RIVER. TODAY THE CRACK LINERS OF THE WORLD DOCK THERE



ALBANY
ALBION
ANGOLA
AMSTERDAM
ANTWERP
ATTICA
BALDWINVILLE
BALLSTON

BATAVIA
BOONVILLE
BROCKPORT
BUFFALO
CANAJOHARIE
CANASTOTA
CANTON
CARTHAGE

COBLESKILL
CORTLAND
COHOES
DEPEW
DOLGEVILLE
DUNKIRK
E. SYRACUSE
FAIRPORT

FALCONER
FORT EDWARD
FORT PLAIN
FRANKFORT
FREDONIA
GENESE
GLENS FALLS
GLOVERSVILLE

GOVERNEUR
GOWANDA
GREEN ISLAND
GREENWICH
HAMBURG
HERKIMER
HOMER
HUDSON

NEW YORK STATE had such a head start over the newer sections of this country, it is only natural it should surpass all other states in manufacturing as well as in wealth.

And now the new method of locating plants in the midst of their markets, rather than at the source of raw material, should make New York's future even brighter than its past.

New York State is outstanding in the seven factors now used in selecting plant-sites, and particularly in these two:

1. Lower cost of distribution
2. Lower cost of electricity

Throughout the Niagara Hudson System, the price of power is far below the nation's average.

An even greater advantage is the lower cost of marketing. Within New York's immediate domestic market are concentrated 49% of the nation's people and 55% of its wealth. Here is the natural gateway to all Europe.

In addition to cheaper marketing and cheaper power, the Empire State offers accessible raw materials, productive labor, ample capital, invigorating climate and unequalled transportation facilities.

For all these reasons, your plant may belong in New York State. If interested, write for the new 28-page illustrated booklet—"New York, the Great Industrial State." It will be sent to you without a personal follow-up of any kind. Address Niagara Hudson Power Corporation, Industrial Development Bureau, Albany, N. Y. If you wish to study the question further, the Bureau's engineers are available for a detailed confidential fact study.

Write for our new book, describing the industrial territory served by Niagara Hudson Power Corporation, including among others the localities listed below:

NIAGARA HUDSON

HUDSON FALLS	NIAGARA FALLS	SCHENECTADY
ILION	N. TONAWANDA	SCOTIA
JAMESTOWN	NORWOOD	SKANEATELES
JOHNSTOWN	OAKFIELD	SOLVAY
KENMORE	OGDENSBURG	SYRACUSE
LACKAWANNA	OLEAN	TONAWANDA
LANCASTER	ONEIDA	TROY
LE ROY	OSWEGO	UTICA
LITTLE FALLS	POTSDAM	WATERFORD
LOWVILLE	PULASKI	WATERTOWN
LYONS	RENSSELAER	WATERVLIET
MALONE	ROME	WELLSVILLE
MASSENA	ROTTERDAM	WESTFIELD
MEDINA	ST. JOHNSVILLE	WHITEHALL
MOHAWK	SALAMANCA	WHITESBORO
NEW YORK MILLS	SARATOGA SPRINGS	WILLIAMSVILLE

Hear Niagara Hudson broadcast fascinating stories of New York State. Every Thursday night, 7:30 - 8:00 (Eastern Standard Time), WEA, WGR, WGY, WSYR.

When writing to NIAGARA HUDSON POWER CORPORATION please mention Nation's Business



GUYAS WILLIAMS

For the pestered executive chairs that won't wriggle loose . . .

Chairs of Alcoa Aluminum will stand a lifetime of punishment. You can even deliberately bang these chairs on the floor and you won't damage or weaken their frames.

Ordinary chairs loosen up because glue dries out, leaving the joints sprung. Alcoa Aluminum Chairs have no joints to work loose—no glue—no dowels—no wood screws. Their frames are welded into one continuous piece of metal. The same light, strong Alloys of Alcoa Aluminum are used as those of which railway cars and airplanes are built. Here strength is combined with light weight. Lift an Alcoa Aluminum Chair. You will be surprised at its feather-lightness. And these chairs are fire-safe, too.

Finishes are either wood grain—walnut, mahogany or oak; baked enamel of any color; or in the natural aluminum. The modern finish of the natural aluminum is extremely attractive because of its simplicity. Full mission leather upholstery in either green, blue, maroon or brown. Also a wide variety of fabric upholsteries. Styles for offices, hotels, restaurants and hospitals. May we send you a complimentary copy of the new booklet, "Distinctive Chairs of Alcoa Aluminum"? ALUMINUM COMPANY of AMERICA; 2425 Oliver Building, PITTSBURGH, PENNSYLVANIA.



CHAIRS OF ALCOA ALUMINUM



We Put Four Billion into a Rat Hole

(Continued from page 27)

may be compared to the change in the real estate title business more than forty years ago. The buyer of a New York lot then found it necessary to employ a lawyer to trace his title. The lawyer hired tracers. Some of the tracers were very good men indeed.

More than one of the most eminent men at New York's bar today procured their adolescent cakes and ale by finding the flaws in patrons' papers. Other tracers were not so good. They were capable, no doubt, but not always reliable. If it later developed that they had overlooked the weak spot in a client's title there was very little that could be done about it.

It would have been possible, of course, for the client to sue the lawyer. I have searched the records diligently and I have failed to find evidence that any client anywhere ever procured any considerable amount of nutriment by suing a lawyer.

The situation was not satisfactory. It is true that some able firms of lawyers were doing a tremendous business in title searching but it was felt that something more might be done. Clarence Kelsey had an inspiration. He formed a title guarantee company and made records of the titles of every plot in the city. Back of the company he established a large, handsome fund that actually guaranteed. When his company said that a title was good it was good. There has never been any debate about that. The corporate methods and guarantee were efficient.

The title searching lawyers did not like it. Not being an unreasonable person I do not find any convincing reason why they should have liked it. Their business was being lessened by the sheer efficiency and certainty of corporate organization. Eventually their businesses would be destroyed. They battled with Mr. Kelsey's company in every way they knew. They were certain that another bulwark of liberty was being torn down.

Some of the searchers—the more alcoholic of them—fought hand to fist battles in the record rooms with the Kelsey searchers. It required legislative action before the title guarantee company and the title guarantee companies that followed the first one could gain access to the records.

No one would now go back to the old plan, not even the lawyers. The speed, surety and certainty of the title guarantee companies have simply expunged the old methods.

It seems reasonably sure to the outsider that the thorough organization and power and strength of the great corporation which is accepting the receiverships of the Southern District of New York as they are ordered by the courts will ultimately have a similar effect in clearing up this situation.

The old-time custodians

A PERMANENT staff was built up by the Irving Trust Company. The individual receivers sometimes employed as custodians broken-down friends, fathers-in-law, such elder brothers as could keep awake, and the husband of the keeper of the boarding house at which the rising lawyer was once sure of credit. Judge Knox once issued an order that the hangers-on who crowded court corridors waiting for the news of a receivership should not be employed.

"An appointment," he said, "was the signal for a rush to the telephone."

Men of good character and experience were employed and fair salaries were paid. It was possible to get men of the type desired because the positions were permanent. A watchman—to speak of a single class of employees by way of example—is no longer a dependent on odd jobs. He knows that he is a steady man.

When a receivership comes to the Irving Trust Company a considerable, but on the whole a simple machinery is set in motion. Every possible contingency is guarded against. In one instance it became evident, as soon as the experts of the Trust Company had analyzed the situation, that the only hope for the creditors was to remove the old management. Then the business should be kept in operation until it could be sold as a whole. This meant incurring obligations of more than \$50,000.

"And," said a gentleman conversant with the situation "we must bend all our energies to finding buyers."

Mark the sequence of events.

The experts reported on Saturday morning. The decision was reached Saturday afternoon. Over Sunday the new management, consisting of recog-

nized leaders in the field, was found. The Trust Company had the innumerable business and professional contacts which went to the finding. An individual receiver would have lacked the prestige with which to bait his net and the wide-flung net in which to gather them. Monday morning the new managers were in and the old managers were out.

Meanwhile a sales plan had been made and launched. In three weeks, more than 100 men and organizations had been approached with offers. The accountants and appraisers had been through the company's business with lanterns. The men who ultimately bid for the property were informed of every phase. They knew what stock was on hand, what it cost, what it was worth, what were the prospects of sale, the cost indices, the market needs.

"We sold that property," said the official previously quoted, "for a price which will net 95 cents on the dollar for more than one-half million of creditor claims. The creditors told us at the outset that ten cents on the dollar was the most they could possibly expect."

The moment that a receivership is reported certain things are done automatically and at once. The mail is taken over, the premises are locked with new locks, the books and records are taken, the insurance situation is investigated and, if need be, more insurance placed. The bankrupt's banks are warned, an inventory taken, the bankrupt and all employees are interviewed, inquiries are made of neighbors and the police as to the possible removal of assets, the rent is stopped when possible, merchandise out on consignment is hunted down. . . . These things are done in 72 hours at the furthest and done competently.

The money we should pay to John Smith would do him no good. His creditors seem distant, vague and impersonal to us. Our moral standards, however, improve when a trust company handles poor John's affairs.

A constant record kept

WHEN the assets were grouped the old-style receiver sometimes did not know where to go to sell them. The Irving Trust Company has a huge card index filled with the names of buyers in every line and subline. Incoming receiverships are entered in order of arrival in

19 YEARS of Trouble-Free Operation

NATIONAL TRUST COMPANY LIMITED
RECEIVERS AND MANAGERS
DOMINION IRON & STEEL COMPANY, LIMITED
HEAD OFFICE & WORKS: SYDNEY, NOVA SCOTIA, CANADA

CAPITAL \$1,000,000
RESERVE FUND \$250,000
TOTAL ASSETS \$1,250,000

Engineering Department,
June 26th, 1930.

Morse Chain Co.,
Ithaca, New York,
U. S. A.
Gentlemen:-

Subject: Morse Chain Drives

We have your letter of June 6th, together with two blue prints from negatives illustrating our wire mill.

Our records show that, since 1911, we have only made one replacement of about two feet of chain on one of the drives, and this was made necessary due to a pin working loose, causing a break in the chain.

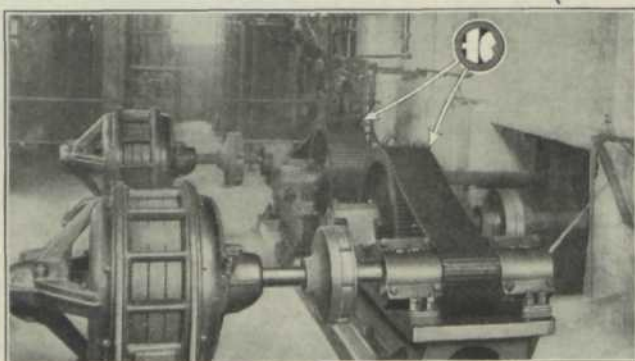
We are naturally very pleased with the service given by these chain drives, and we have enjoyed the utmost in satisfaction from them, and the drives at present appear to be in perfectly good condition.

We are quite willing that you should use our name in an advertisement if you so wish.

Yours very truly,

A. Shankauf,
Chief Engineer.

The installation consists of 7-100 HP drives connecting motors to Wire Drawing Frames. Motor speed 700 RPM, driven speed 120 RPM, 48" centers and 1-150 HP drive connecting motor to rod frame, motor speed 550 RPM, driven speed 78 RPM, 60" centers.



THE Dominion Iron & Steel Company, Ltd., Sidney, Nova Scotia, are more than satisfied with the nineteen years of steady trouble-free operation given by their Morse Silent Chain Drives. Their interesting letter appears above.

Reports of service like this are received frequently from firms in wide and varied lines of business. For Morse Silent Chain Drives

are built to give smooth, low-cost operation under the most strenuous conditions. They are easily applied, require very little attention, and function silently and smoothly year after year.

Let Morse engineers show you how easily you can obtain this superior service. Your request for a Morse engineer to call will place you under no obligation whatsoever.

MORSE CHAIN CO., ITHACA, N.Y.

Manufacturers of Morse Silent Chain Drives,
Flexible Couplings and Chain Speed Reducers

BRANCHES IN PRINCIPAL CITIES

MORSE SILENT CHAIN DRIVES

When writing to MORSE CHAIN Co. please mention Nation's Business

great ledgers on the pages of which are printed queries. Certain things should happen to each case at approximately a certain time. The bankruptcies move along a production line like a Ford car in the making. Under the old system cases were actually forgotten. They are being brought to light now. Colonel Donovan reported that, except in no-asset cases:

"The average case took nearly two years to wind up and many took two, three and even six years."

Here, also, is a remarkable fact.

Some one knows precisely the status of John Smith's bankruptcy each day.

And that some one can be found. You, I, all of us have had our fun finding the men who knew. We would ask the telephone girl, "I want to find out something about John Smith's case."

The telephone girl would say:

"Miss Triff does not work here any more."

But if you were to telephone the Irving Trust Company about John Smith's case the telephone girl would run through the pages of a card index:

"You should talk to Mr. Jones."

Mr. Jones is the man who knows. He and his associates have all the John Smith facts at their finger tips. This complete care and knowledge explains why the gross proceeds of 535 auction sales actually exceeded the appraised value by almost two per cent.

The Irving's specialists advertised and swept and dusted and moved around and fumigated a stock of antiques. The creditors had looked gladly forward to a possible 50 per cent. They got the full 100 per cent and there was another 100 per cent for a dividend to the man who thought he was bankrupt.

Receivers generally low-paid

MUCH is to be done, of course, in perfecting the system. There is not a state in the Union in which a receiver is paid enough to make it worth a competent individual's time to take a single receivership; unless it is a very great one. Yet the little ones are as important, at least morally, as the great ones. It may be doubted if the Irving Trust Company's fees pay for the organization required. That may be corrected in time.

But the collateral and intangible profit is worth while, not only to the Irving Trust Company but to the business community. Creditors are learning that co-operation pays, instead of regarding all bankruptcy affairs with a dull despair. So much has been done that it is likely that more will be done. An example is being set.

The business Red Cross call is all year 'round

BANNER headlines, frantic telephone and telegraph pleas speed the Red Cross to action—be it flood or earthquake, tornado or fire. A vast corps of trained leaders and countless volunteers are constantly ready to meet any emergency.

To raise funds for this vital "preparation," the American Red Cross, once a year, calls for contributions from all over the country. Its program deserves support for it is a sound means of assuring financial aid where it is most needed—without putting the whole burden on already stricken people.

Property insurance is the Red Cross of business. It, too, is a contribution by people from thousands of communities to one central fund. It, too, is a method by which a group contributes to mutual relief in case of emergency. It maintains a trained staff of experts in fire prevention, courteous adjusters, and willing, sympathetic claim departments.

Every hour of every day, the world around, we are relieving distress

The business Red Cross call is all year round. Your property insurance for home or business should be kept up-to-date. At regular intervals your policies should be checked so that you may know you have adequate coverage; so that you may know that in case of emergency or disaster you will be fully protected against financial loss.

An Agricultural agent near you will be glad to advise—without obligation—on new policies and complete coverage for your requirements.



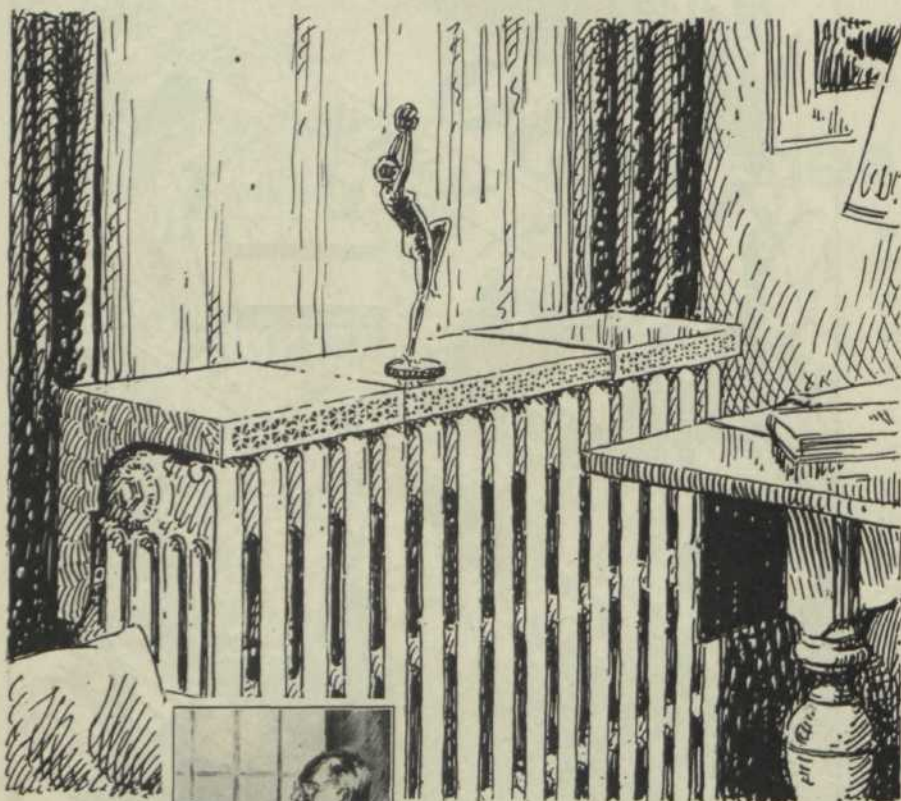
You can obtain
Agricultural Policies
for all coverages such as:

FIRE • PARCEL POST
AUTOMOBILE • MARINE
USE AND OCCUPANCY
RENT AND LEASEHOLD
WINDSTORM • FLOATERS
SPRINKLER LEAKAGE
REGISTERED MAIL
TRANSIT • EARTHQUAKE
TOURISTS' BAGGAGE
EXPLOSION AND RIOT
AIRCRAFT DAMAGE

Agricultural
Insurance Company,
of Watertown, N.Y.

When writing to AGRICULTURAL INSURANCE COMPANY please mention Nation's Business

It took a SCIENTIST . . . to perfect Radiator Furniture



WORKING in close collaboration with expert heating and ventilating engineers, Wickwire Spencer Steel Company has perfected a shield that is decorative and scientifically correct, yet adjustable. Wissco Telescopic Shields are never abandoned because they are quickly and easily adjusted to fit various radiator sizes. They make every part of the room comfortable by systematically distributing air currents and by proper humidification. They prevent smudge from accumulating on walls, drapes and ceilings. Wissco Telescopic Shields are obtainable in all colors and wood grain effects. The design, construction and finish are of the same high standard as all products manufactured by this Company.

WICKWIRE SPENCER STEEL CO.
43-49 East 42nd Street, New York City

Worcester
Buffalo
Cleveland

Chicago
San Francisco

Los Angeles
Seattle
Portland

WICKWIRE SPENCER MAKES UNIFORM

Wire of all kinds
Wire Rope
Wire Reinforcing Fabric
Clinton Wire Lath
Gold Strand Screen
Wire Cloth
Wire Poultry Netting
Chain Link Fence
Wire Springs & Specialties
Wire Conveyor Belts
Perforated Metal Grilles
Perforated Metal
Perforated Centrifugal
Linings
Wissco Card-Clothing
Wissco Radiator Furniture

Business Studies Its Problems

DIRECTORS and committeemen of the United States Chamber of Commerce met at the Chamber's headquarters in Washington, D. C., September 18-20. The meeting was called, in the words of President William Butterworth, for the purpose of a frank examination and study of the most pressing problems which face the business community.

Problems arising in finance, manufacture, agriculture, distribution, taxation, insurance, natural resources production and other branches of industry and trade were surveyed. Studies of important trends in these fields were inaugurated in many cases by the various committees and gathering of information bearing on a number of questions of economic policy was undertaken.

Actions taken by the directors included election of Mr. Junius P. Fishburn, Roanoke, Va., as a director to represent Election District III for the unexpired term of Mr. William M. Wiley, Sharples, W. Va., a vacancy occasioned by Mr. Wiley's elevation to vice president. The place of the next directors' meeting, November 21-22, was changed from Washington to Atlanta, Ga.

Marketing problems studied

THE attention of the Agricultural Service Committee was directed principally toward changes in the size of farms as productive units and the more effective direction and control of commodity production. Terminal and intermediate grain storage facilities, producer-distributor cooperation and other aspects of the marketing problem were also considered.

A three-fold program was adopted by the Domestic Distribution Committee under which the National Chamber's Domestic Distribution Department will serve as a clearing house for information relating to distribution. The first part of the plan calls for intensive cooperation with small retailers in the furtherance of modern merchandising methods, the Department to make available through local chambers information designed to eliminate unnecessary losses. The second part of the program provides for the development of a better understanding of distribu-

WICKWIRE SPENCER
WIRE PRODUCTS

When writing to WICKWIRE SPENCER STEEL CO. please mention Nation's Business



An
**ENGINEERING
 ACHIEVEMENT**
*that has won
 Leadership
 for*
**LORAIN
 MACHINES**

Six years ago, something happened in the material handling and excavating industry. The old method of judging the ruggedness of a power shovel or crane by its weight, became obsolete. A new design, developed by Thew, substituted simplicity for bulk and tonnage.

This design, the Thew Center Drive, applies the power directly to the required operations. It eliminates the extra shafts and gears that eat up power. It has fewer moving parts to wear.

Every Lorain machine—shovel, locomotive crane, crawler crane, clamshell, dragline, backdigger or skimmer scoop—is built to the Center Drive design on a mass production basis, offering a value that has won preference for Lorain machines the world over, a value you cannot afford to overlook in the selection of a material handling or excavating machine.

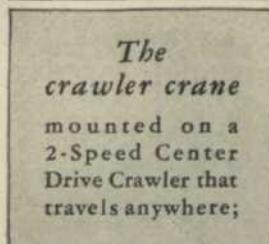
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*The
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that switches cars,
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 Drive Crawler that
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The shovel

with tremendous
 power that can be
 concentrated di-
 rectly to any one
 motion — hoist,
 swing or crowd;



The clamshell

that can travel to-
 ward the unloading
 point while it also
 hoists and swings;



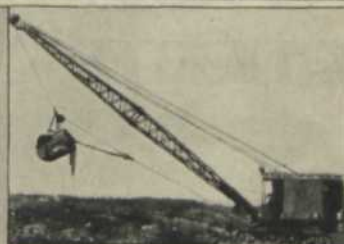
The backdigger

that digs deep
 below the ground
 level, with hair-
 line control of
 the dipper;



The dragline

that tosses the
 bucket out and
 drags in the load;



*The
 skimmer scoop*

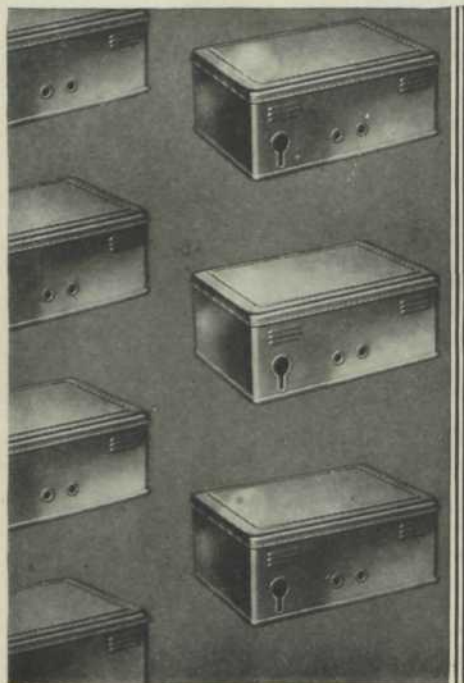
that levels the
 grades.



45 • • 55 • • 75

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tion, while the third part envisions development of a plan to assemble all criticisms of distribution, to investigate such criticisms as are caused by misinformation or ignorance, and to make the facts in the cases available to the public.

A resolution by the Foreign Commerce Committee urged American companies having representatives in foreign countries actively to support American chambers of commerce abroad. The directors decided to submit the resolution to the next Annual Meeting. This Committee also approved the appointment of a subcommittee to make a study of the statistics of "exports by states," now published by the Bureau of Foreign and Domestic Commerce, and the extent of the use of these statistics by commercial organizations and business institutions.

The Committee on Manufacture undertook further study of employment, with special regard to experiences of manufacturers who have developed or are developing effective methods of stabilization in their own businesses.

Chambers work on tax problems

POSSIBLE steps looking toward elimination of interstate double taxation of interstate business enterprises were discussed by the Committee on State and Local Taxation and Expenditures. Final revision of a report identifying standards of real property was also made. The rapid growth of the volume of property foreclosed for taxes and economies which might be effected by consolidation of overlapping and coextensive taxing and spending units were among other topics discussed. Reports to the Committee disclosed that 600 chambers of commerce are now actively at work on local taxation problems.

The directors voted that the Civic Development Committee suspend activities regarding simplification and efficiency in the administrative side of the Federal Government until such time as the executive officers of the Chamber should deem it advisable to appoint the special committee authorized by the Board to carry on this work.

Pursuant to the recommendation of the Transportation and Communications Committee, the appointment of a special committee to study and report on the regulation of electrical communications was postponed. The subject was dropped from the program of activities for the time being. The Committee's recommendation for the calling of a conference of interested parties this fall on The Hague rules concerning uniform bills of lading was also adopted.

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It's the Twisted Teeth that Lock

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Efficiency—the Soundest Form of Farm Relief

(Continued from page 31)

can be done to meet the so-called surplus problems that may result from increased output per farmer? These are practical questions.

One way to lower cost in farming is for each agricultural region to produce what its soil, climate, topography and location best fit it to produce. This does not mean one-crop farming except perhaps in limited areas. It does mean increased emphasis on that type of farming best suited to the locality. This would be to take a leaf out of the experience of industry.

Efficiency in industrial production demands the location of industries according to comparative advantages.

Pittsburgh, Gary, and Birmingham are centers of steel production largely because they possess certain natural advantages with respect to ore, coal and transportation.

In agriculture it is fully as necessary as in industry to develop types of farming according to comparative advantages offered by various regions.

The battle in the Cotton Belt

MUCH remains to be done to show for each region the practical possibilities of adjustment. The new technique in cotton production in the western part of the Cotton Belt where acreage has expanded greatly under the stimuli of machine processes and of comparative freedom from the boll weevil has resulted in serious competition for the old areas. One of the advantages of the cotton land in these western areas is that it requires practically no fertilizer while nearly all the cotton land in the Southeast must be fertilized.

Adjustment to meet such severe regional competition is imperative. In many areas of the Southeast something must be done to save rural civilization, for the economic basis of it is in danger of slipping away. In all probability, the old system of small cotton farms must give way to larger units by consolidation of two or more small farms. A different cropping system is needed, probably including cotton as the main cash crop with new combinations of crops and live stock and new rotation to help build up soil fertility.

Some of the land in the old Cotton

Belt may be too poor for cultivation of any kind. Such land should be put back into forest wherever possible, or into other nonfarming uses. This would mean the use of public money to acquire land, readjustment in state and local taxation to fit the nonfarming uses of land, and to support schools, roads and other essential community enterprises, even in areas where some of the land now in farms would have to be set aside for other purposes.

A wise use of money and effort

THIS, I believe, would be money and effort well invested, not in hazardous experiments, but for the conservation of land resources and for making agriculture more prosperous on the better land that would remain in farms.

It would take many years to work out a policy of regional adjustment in farming but the time certainly has come to emphasize the fact that the farm problem cannot be solved overnight. In fact, adjustment is never quite finished because the technique of production, competition between areas and many other economic facts and forces are changing all the time.

In any plan of adjustment, the human factor must not be neglected. All farmers cannot manage large farms successfully any more than all men can be captains of industry. In agriculture, as in industry, it is important that men of capacity and leadership should find scope and opportunity. The able man on the better land, producing the things the land and the region are best suited to produce, and operating a farm commensurate in size with his ability as a farmer—these are the combinations that in my opinion stand the best chance of making agriculture prosperous.

This does not mean gigantic corporations to run American agriculture, although corporation farming may succeed here and there. It probably means larger family farms in most sections, with more machinery and perhaps in some cases more hired labor per farm. This need not necessarily be a disadvantage to anyone, not even to the hired farm laborer. Compared with the way tenants and some small owners live today, especially in the more serious "poverty areas" of American agricul-

\$150,000,000
Distributing Center

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A MARILLO is the undisputed distribution hub of the fastest growing, important market in the United States today. In ten years, population of this new trade empire has increased 121 per cent to the present 618,367.

In 1929, Amarillo's 123 wholesalers developed a volume of \$151,611,959. Competitive cities are 221 to 464 miles distant. Rail lines join with 211 freight trucks to provide overnight delivery to all points within 200 miles. Railroads alone, with 102 miles of trackage in the city, originate 45 package and eight express cars daily.

This wholesale volume will double again quickly. For in the trade territory, 289 miles of new rail lines are under construction, 483 more miles are already authorized, and 330 miles have just been applied for. Highway improvements costing \$6,140,000 are scheduled immediately, and truck lines will follow quickly. Two hundred thousand acres of raw land go into cultivation annually.

Such facts as these, easily verified, have caused scores of manufacturers and other national concerns to locate branch houses, sales or district offices, warehouse stocks, and representatives at Amarillo, especially in the last few years. If the list does not include you, it is probable that you should analyze the city and its trade territory again at this time.

Amarillo's new 36-page market analysis, including new census facts, just off the press. Address: City Development Manager. . .

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ture, I believe that hired laborers on well-managed farms of economic size, under a system which would provide them with adequate housing, a garden plot, and employment under direction of an able manager, may live in greater security, support their families better and give their children better opportunities. There always must be a chance for the more able ones to advance to farm ownership or to other positions of responsibility.

Regional competition is bound to force adjustment sooner or later, but the change might be made with far less loss and suffering to farmers if determined effort were made to find out what system of farming is best for each area, and to help bring about the desired change and an orderly retreat of farming from land that is too poor to yield a decent living.

Lowering production costs

A PROMISING experiment is going on in Montana, under the leadership of M. L. Wilson, in the Fairway Farms Corporation, not in corporation farming, but in ownership and operation of one-family farms with the size and organization that will turn out low-cost products. Here are a few lessons in that effective but hitherto unpopular form of "farm relief"—lower cost of production.

On a wheat farm of 800 acres, using a three-plow tractor, the total cash cost per acre was \$7.77; the man labor per acre was three hours and ten minutes. On 1,200 acres with a four-plow tractor the cash cost was reduced to \$6.62 and the man labor to two hours and 32 minutes. With a six-plow tractor on 1,800 acres the cash cost was cut to \$4.65, and the man labor to one hour and 48 minutes. Finally, the cash costs were lowered to \$3.82 and the man labor to 54 minutes an acre on an area of 3,000 acres using a 12-plow tractor.

Experiments of this kind are needed in many other sections to find the most economical production unit. While the optimum size varies with the capacity of individual farmers, it also varies with the fundamental characteristics of the region and with the machinery and other equipment available. These figures suggest the possibility of reducing cost by applying modern technique and business methods in farming, according to the intrinsic possibilities of each locality. Scientific research and land utilization, including removal of the least productive land from cultivation, should be directed toward this end.

In addition, it should be possible to

OVERHEAD SAVINGS FROM \$2,000 to \$110,000 YEARLY

*are being made by this machine
that sends typewriting by wire!*



1 At 4:45 P. M. a wholesaler receives a complicated order which calls for shipment that day from his warehouse miles away.



2 A typist immediately writes up the order on a Teletype, which automatically transmits it over telephone wires to the warehouse.



3 At 4:49 P. M. the warehouse has the order in typewritten form. Every letter and figure is legibly printed, thus making errors in filling virtually impossible.

BY SPEEDING up business, eliminating messengers, reducing clerical work and preventing costly errors, Teletype... the Telephone Typewriter... has established an impressive record of overhead reductions ranging from \$2,000 to \$110,000 annually!

As its name suggests, Teletype sends typewritten messages over telephone wires at a speed of 60 words per minute. Any message typed on the sending machine is instantly reproduced by the receiving machine, whether it is located in the same building or miles away.

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Each machine makes a record for filing, thus definitely fixing responsibility. Machines can be used in either direction, providing instant, unlimited, two-way communication at a cost that in many instances is no greater than a messenger's wages.

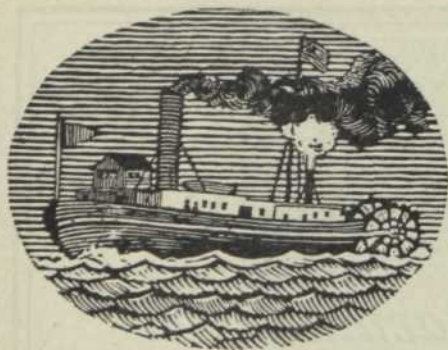
*Ask your local telephone
company for further details*

Telephone typewriter service is invaluable between widely separated offices and factories or warehouses, as well as within large offices and plants. Ask the business office of your local telephone company for further details, or, if you prefer, write the Teletype Corporation, 1400 Wrightwood Ave., Chicago.

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work out and to demonstrate under public or semipublic auspices the most economic size of farm and the best production program. In advocating further effort to increase efficiency in agriculture as a means toward a higher standard of living per farm family we must face this question:

"Will greater efficiency increase total production and depress farm prices to the point where the farmer will lose all that he gained by lower cost of production?"

The possibility that lower costs would tend to stimulate production should not be taken as a final argument against efficiency in farming. Efforts to reduce cost are not likely to affect all farming so rapidly that adjustments would not be possible to meet the tendency to increase output. Moreover, since the real objective is to increase returns per farm family, reduction in the total number of farmers would go on with the increase in the economy of production. This would be in the interest of those remaining on the farm.

If and so long as industry, trade and the professions offer better opportunities than farming it is in the interest of young people to leave the farm. The object of all our policies must be the welfare of human beings, individually and collectively.

Land values and net income

ONE of the most effective means of getting the right kind of adjustment in agriculture would be for farmers themselves to insist on maintaining a higher standard of living on the increased income. This is the opposite of capitalizing the increased income into higher land values, at the expense of standard of living. In the long run, land values depend on the net income from land. The net income in turn depends on what farmers demand as a condition of staying with the work of farming.

Those who are contented with a low standard of living will add to the total output and help depress the price of farm products. On the other hand, those farmers who demand that greater efficiency must yield them a higher standard of living help to resist the tendency of increased efficiency merely to add to total production.

I know that farmers cannot change easily into some other occupation, especially when they have put all their saving in farm property and after they have passed the years of easy adaptability. It is different with young people. They are the "liquid reserve" of the human element in production.

With a system of education that prepares men and women for work other than that to which they were born, and with our democratic social system under which tradition and social caste offer few or no barriers to individual advancement, the young generation should find it possible to adjust itself to those lines of work which offer the best opportunity. In my opinion, this "open door" is the surest guarantee against the danger of permanently depressing any group—farmers, wage earners, or others—below the economic level of the rest of society.

The urge to better farms

AS OUR general standard of living advances and with an effective "open door" policy between economic groups, fewer human beings will be willing to remain on land that is so poor for farming that they can eke out only a bare existence. On the better land they could have a satisfactory standard of living, especially on farms large enough for efficient production.

One way to help avoid "overproduction" in agriculture is to keep out of cultivation land that is too poor for remunerative farming.

Moreover, those who fear that lower cost in agriculture would cause "overproduction" should consider the possibility of farmers' enjoying greater leisure as a reward of the increased effectiveness of their labor rather than merely translating their efficiency into greater total output. More leisure, added to a fair amount of material comfort, is as truly an addition to the standard of living as any material goods.

Economical merchandising through large volume of business is another practice of industry that might well be applied more extensively in agriculture. Lower cost of marketing, like low-cost production, adds to the farmer's net income and benefits the consumer. Modern business looks to lower cost all along the line, in marketing as in production. Several cooperatives, through years of growth, have become powerful factors in marketing. Here, as in other lines, those concerns that do the job of marketing at the lowest cost stand the best chance of surviving.

The cooperative movement recently has been stimulated under state and federal legislation, particularly under the Agricultural Marketing Act, which created the Federal Farm Board. The ultimate success of farmers' cooperation depends on the development of strong leadership from the ranks of the cooperators themselves. In agriculture, as in industry and labor, large-scale

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TODAY'S breath-taking spires and spans of steel were "impossible" only a few brief years ago. Now walls of masonry are yielding to solid-section steel windows . . . new beauty comes in steel shapes and new skill devises their application . . . and on the horizon looms the amazing battle-deck floor.

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Management finds its best and truest chart in a broad, searching sales distribution and analysis.

Always the clerical expense of operating such an analysis is reflected in the profit account. And it is important, therefore, that the fastest, most direct methods be employed.

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organizations and the rise of able leaders result from gradual development, which, however, may be aided by judicious governmental policies.

The function of the cooperatives is essentially four-fold:

The first function is to obtain for the producers the greatest possible share of the consumer's dollar. If the cooperative movement can cut costs in marketing as I believe it can, through economical operation and by able management handling large volume of business, it will continue to grow; if not, its growth is uncertain.

The second function is to get for the grower a price commensurate with the quality of his product, and so encourage production of quality goods. Under the old system, the farmer who produced high-quality products seldom got more than the producer of low quality, and there was little or no inducement for quality production. This, I am convinced, is today the outstanding cause of the decline in the quality of our cotton crop. We are becoming aroused to the importance of producing better cotton, and the awakening is due in no small part to the cooperative movement. But improvement in quality is not likely to make much headway unless the farmer is paid according to quality. In this the cooperative associations have a real opportunity.

Aids to orderly production

ADJUSTMENT of production according to demand is a third function of large-scale cooperative association. This does not mean monopoly control which is impossible so long as we have millions of individual farms. Yet there is real need for joint effort to avoid gluts and shortages with the resulting fluctuations in prices. The cooperative organizations can become powerful means of inducing the farmer to plan his production program according to prospective supply and demand. This means orderly production which is essential to "orderly marketing."

Finally, successful cooperative associations must give the producers a collective self-confidence, a sense of independence that grows out of demonstrated ability to work together for a common purpose. As such organizations grow and develop their own leadership, the great body of members will look on marketing problems as business problems that can be solved by modern business methods, and will be less likely to demand short-cut governmental solutions which no board or executive can bring to pass.

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The S. S. Pierce Company of Boston has standardized on National Cash Register products for all of its record keeping. This company has a number of retail stores and an extensive wholesale food business.

In its stores a record must be obtained of department sales, and clerks' sales and a receipt must be issued on every sale. National Cash Registers of the latest type meet this need for the Pierce Company.

In the headquarters office invoices must be written for the wholesale accounts. National Accounting Machines handle this. The company also wants an analysis of each salesman's business and gets it with National Analysis Machines. For the posting of wholesale accounts to ledgers National Posting Machines are used.

All of these are widely different problems and all are exactly met by a National Cash Register product. Because of this flexibility firms in many lines of business are standardizing on National equipment for every transaction from a sale over the counter to a complicated accounting problem.

Whether your problem is handling retail sales, analyzing sales or expenses, posting accounts, writing statements and invoices, writing and signing checks or any other phase of record making, there is a National Cash Register product to meet your needs. Our representative in your city will be glad to show you how it will do your work faster, more accurately and at lower cost.

THE NATIONAL CASH REGISTER COMPANY

World's Outstanding Producer of Accounting Machines and Cash Registers

DAYTON, OHIO

When calling a NATIONAL CASH REGISTER representative please mention Nation's Business



\$10,240 SAVING

by one user of this

THIN BUSINESS PAPER

MANY BUSINESS houses and professional people are effecting actual cash saving through the use of Dexstar Manifold.

Take the case of one large concern (name upon request) as an example. A force of 2,500 stenographers with 16-lb. Railroad Manilla formerly secured a maximum average of 4 copies per typing. Now with 7-lb. manifold paper they obtain an average of 10 copies with a 15-copy maximum.

Dexstar Manifold No. 5, the thinnest business writing paper made—used on special work, gives a 15-copy average and a 22-copy maximum.

Through the use of the 7-lb. stock alone, copying time was reduced 60%—a saving of 25,000 typing hours annually. At 40¢ an hour, this represents an annual saving of \$10,000.

Thinner copy paper is also credited with a material decrease in filing space required, the estimated reduction being 6,000 square feet in one building alone, representing an additional annual saving of \$1,500.

Making allowance for the additional first cost of manifold paper, this concern makes a net annual saving of \$10,240!

This is not an exceptional case. Large business houses everywhere are economizing through the use of Dexstar Manifold. Nor is its usefulness limited to "big business". Smaller concerns and individuals are finding it equally practicable.

Write for samples and particulars

DEXSTAR MANIFOLD

C. H. DEXTER & SONS, INC.

Department A-3

WINDSOR LOCKS --:-- CONNECTICUT

Paper Makers Since 1835.

When writing please mention Nation's Business

The Used-Car Puzzle Can Be Solved

(Continued from page 37)

as a continual article of commerce, known as the "trade-in," beyond its second, or at most its third, stage as such.

The general plan follows, without the more minute details which I studied out carefully, within the trade and out, to insure that the idea's feasibility did not vanish at any point.

One hundred days of use

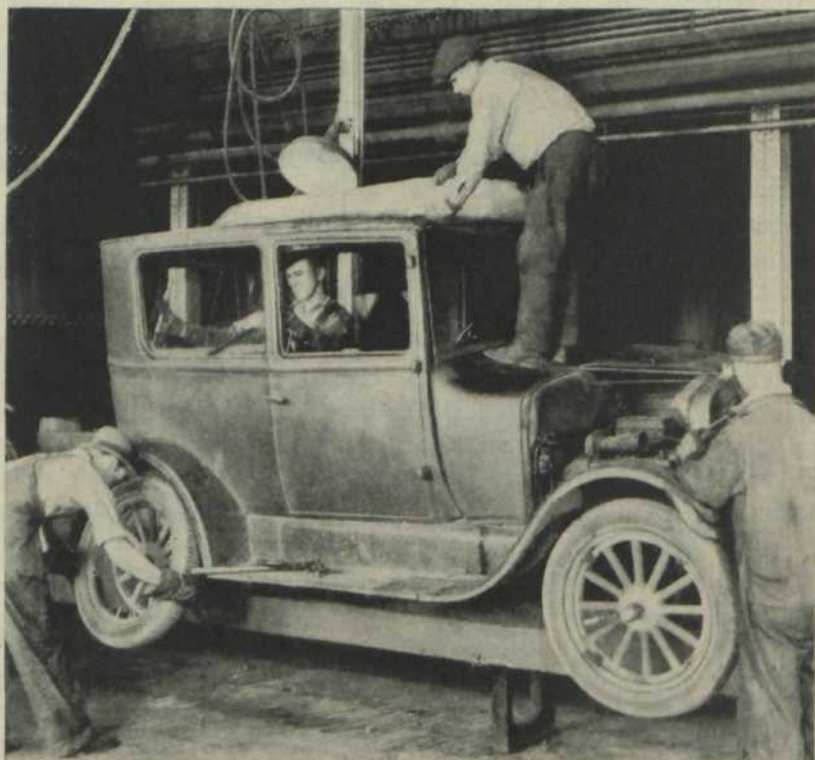
ALL used cars, once traded in, and after such reconditioning as they require, shall be available for daily use to a preferred class of customers on a fee corresponding to one per cent of actual value. At the end of 100 days the car will have paid for itself in full, from manufacturer to consumer. Having extinguished its commercial value in cash, even though intrinsically it may still be worth hundreds of dollars, it can be destroyed or exported where its existence cannot hurt motor sales. It shall be appropriately earmarked and this earmarking shall be acknowledged, by agreement in the trade, as rendering it unacceptable in any trade, or trade-in or sale. Likewise, dealers will be upon their honor not to push the service of

any car beyond the stipulated 100 days.

Some cars, of course, may "go out" 100 days successively, which means that a comparatively new car will pay for itself in full in a little more than three months. The average car, under proper sponsorship, should be out one day out of three and so ought to eliminate itself from national stock in less than a year.

This use of cars is not a rental. This must be made plain. It is a privilege between dealer and customer. It will not come within the purview of hacking regulations anywhere. It is not a sale, either, because ownership does not change unless an actual purchase is consummated. Such customers would be paying guests of the dealers they would do business with. The plan, of course, cannot affect or hurt taxi interests, which cater to short hauls under different circumstances and varying needs.

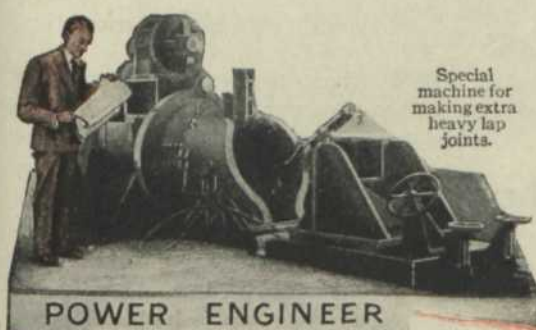
Each dealer, retaining control and ownership of his own cars, will use his own discretion about the cars he wants to keep on the floor. After all, the purpose of my plan is not to make such cars income-earners but solely to enable them to pay for themselves in the shortest possible time. This is especially true of cars in the \$400 to \$1,200 range,



Old cars are stripped of everything of value as they travel along the conveyor at the Ford junking plant

NO. 4 OF A SERIES—

THIS series of advertisements is designed to acquaint business men with Grinnell Company as it really is. Automatic Sprinkler protection for which it first won international fame and leadership is not the entire business of the Company. Its equally high reputation for many other industrial piping specialties and commodities has been built on super-standards of manufacture and on original conceptions which are well known to engineers and architects. Businessmen, too, need to know the real quality in these products.



SUPER POWER PIPING

for instance

MANY large manufacturers are finding that the high steam pressures and temperatures of the super power era have made it possible for them to modernize their power plants at huge savings to themselves.

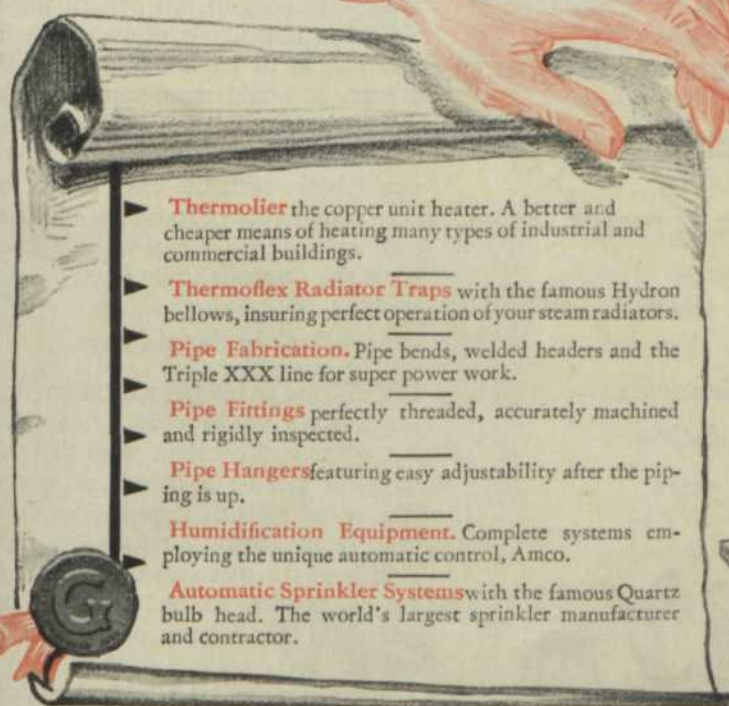
A packing company saves \$50,000 a year, for instance. One paper mill will save \$220,000 a year. Another \$110,000 annually. These savings represent from 25% to 35% on the total cost of modernization.

The transition from low pressure steam to super power has placed a new responsibility on Grinnell Company, one of the country's greatest fabricators of power piping. Processes were evolved, machines were developed, plants were built, men trained, all to fabricate piping to control the increasing power load with new standards of dependability. And, as interpreters of engineering plans for fifty years, we naturally built products with low installation and maintenance costs in mind.

Grinnell lap joints, bends, and welded headers, all bear the stamp of Triple XXX.

Our engineers will advise you on power modernization, without obligation.

*The ORGANIZING HAND
prepares for your needs*



► **Thermolier** the copper unit heater. A better and cheaper means of heating many types of industrial and commercial buildings.

► **Thermoflex Radiator Traps** with the famous Hydron bellows, insuring perfect operation of your steam radiators.

► **Pipe Fabrication.** Pipe bends, welded headers and the Triple XXX line for super power work.

► **Pipe Fittings** perfectly threaded, accurately machined and rigidly inspected.

► **Pipe Hangers** featuring easy adjustability after the piping is up.

► **Humidification Equipment.** Complete systems employing the unique automatic control, Amco.

► **Automatic Sprinkler Systems** with the famous Quartz bulb head. The world's largest sprinkler manufacturer and contractor.



GRINNELL COMPANY

Branches in all Principal Cities

Executive Offices: Providence, R. I.



PASSPORTS—When you travel your passport is your letter of introduction to foreign officials. It identifies you. It carries the prestige and protection of your government. It breaks down barriers.

Your business letters travel for you. They often save you the trouble of traveling. Does the paper they are written on help establish your identity? Does it reflect the character and standing of your Company? : : Distinguished business stationery is in a sense your letters' passport. It gives them an added force, a greater measure of prestige. It often breaks down barriers.

Crane's Bond is the finest product of a house that has been making distinguished writing paper for 130 years.

CRANE'S

BOND

for executive
letterheads and envelopes

CRANE & CO., INC. • DALTON, MASS.



When writing to CRANE & CO., INC. please mention Nation's Business

which constitute the bulk of unsalable cars. Cheaper cars may fall to a valuation of \$200, in which case dealers will fee them on a two per cent daily basis unless conditions warrant otherwise.

Nothing will prevent a dealer from selling a car which has earned one third of its value for the unearned balance and square his books accordingly, but it is presumed—and no doubt rules can easily be agreed on covering this point—to protect the original investment lest speculators should absorb good used cars for less than their actual market value. For example, a \$1,000 car, which has earned \$500 toward its amortization in 72 days (counting idle days) should not be reduced proportionately for a sale, because that would give the buyer a \$500 drop which is not warranted and would hurt, sooner or later, some other dealer.

A wide and rich market

NOW, then, thousands of men and women everywhere want to drive. Some of them can afford to own cars but don't care to for various reasons. Others may be car owners temporarily in need of another car. All these individuals, responsible by reference and careful drivers by test and record, would be happy to take out a car on the basis of one per cent of its selling price. In large cities this is a great need.

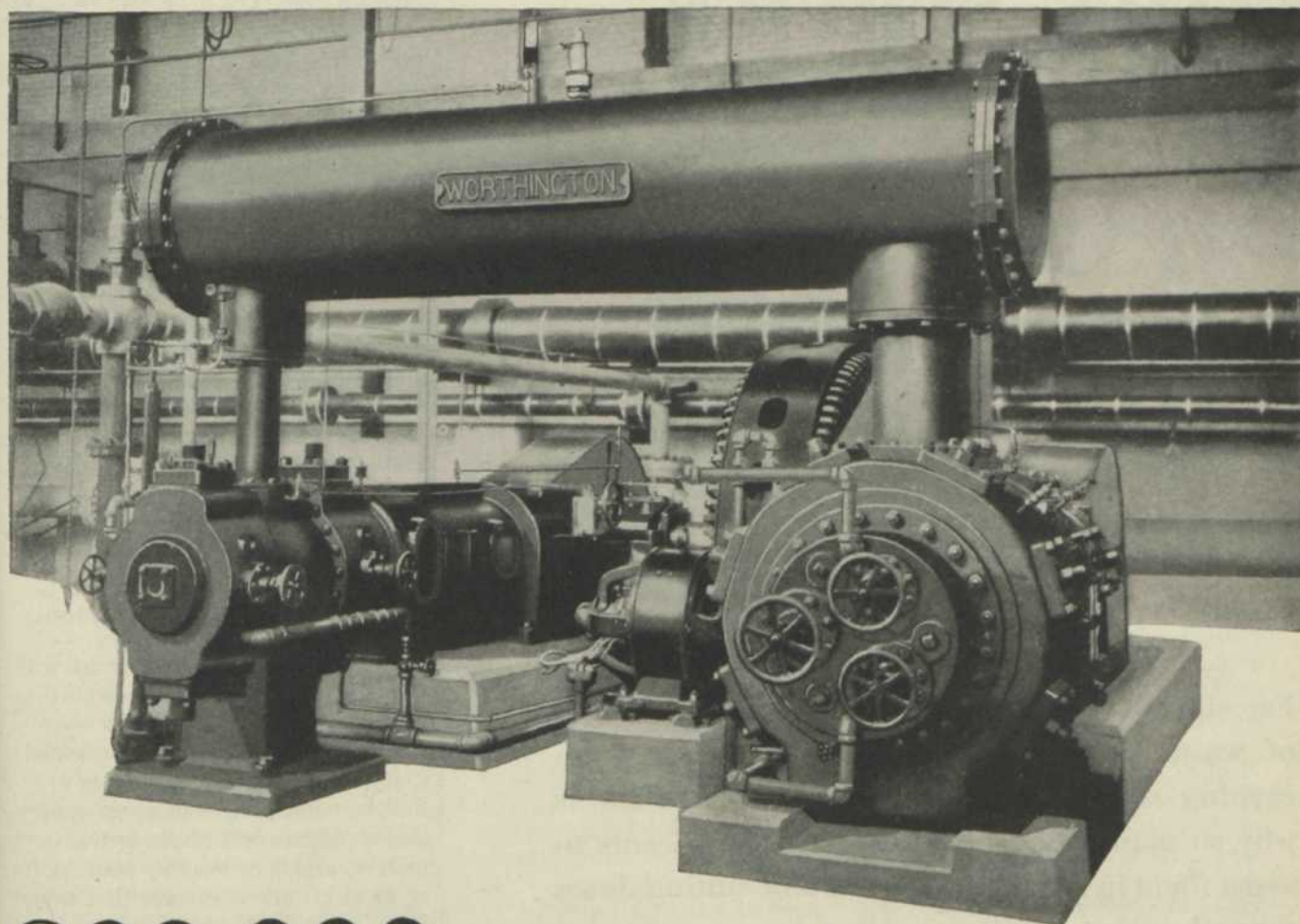
I know dozens of persons who would avail themselves of this opportunity—well-to-do individuals whose money is just itching to go into some dealer's drawer. It would mean comfort, happiness, change, and money in new channels—a business expansion which would begin with the cash fee to the dealer and would end with the odds and ends and frills and extras which a drive (or a ride) automatically invites.

Back in the old days

I SPOKE of an old transportation precedent. Let's go back 30 years when Saturdays and Sundays were the gala days for renting a horse and buggy. The rental of such turnouts, for business or pleasure, to responsible individuals was no mean asset to liverymen. No one was asked, and few were expected, to buy a horse and vehicle or saddle.

Many persons—some rich enough to own several—don't want to be bothered with automobiles. Yet they would think nothing of paying \$7.25 or \$11.50 (more for better cars) for each day's use—and do it frequently, too.

Some have predicted that this would



800,000 gallons of brine per day
... pumped from a depth of 400 ft.

THAT is the daily job of this Worthington Horizontal Duplex Direct-connected Compressor on salt well air-lift work for Ruggles & Rademaker, Manistee, Michigan.

It operates 24 hours per day, 365 days per year, with the exception of a shut-down of 12 hours once every two months for inspection and cleaning. This unit is now in its seventh year of service.

Here is another bit of evidence on the stamina and reliability of Worthington equipment... the result of Worthington experience and engineering methods.

Bulletin L-612-B1 describes this type of equipment. May we send you a copy?



PUMPS	GAS ENGINES
COMPRESSORS	DIESEL ENGINES
Stationary and Portable	WATER, OIL and
CONDENSERS	GASOLINE METERS
and Auxiliaries	MULTI-V-DRIVES
FEEDWATER	CHROMIUM
HEATERS	PLATING

Literature on Request

WORTHINGTON

R-65

WORTHINGTON PUMP AND MACHINERY CORPORATION

Works: Harrison, N. J. Cincinnati, Ohio Buffalo, N. Y. Holyoke, Mass.

Executive Offices: 2 Park Avenue, New York, N. Y.

GENERAL OFFICES: HARRISON, N. J.

District Sales Offices and Representatives:

ATLANTA	CHICAGO	DALLAS	EL PASO	LOS ANGELES	PHILADELPHIA	ST. PAUL	SEATTLE
BOSTON	CINCINNATI	DENVER	HOUSTON	NEW ORLEANS	PITTSBURGH	SALT LAKE CITY	TULSA
BUFFALO	CLEVELAND	DETROIT	KANSAS CITY	NEW YORK	ST. LOUIS	SAN FRANCISCO	WASHINGTON

Branch Offices or Representatives in Principal Cities of all Foreign Countries

When writing to WORTHINGTON PUMP AND MACHINERY CORPORATION please mention Nation's Business

CITIES SERVICE LUBRICANTS

**Valuable aids
to executives
in their battle
against waste.**



Far sighted operating executives know the effect of waste, caused by improper lubrication, on earning statements of their company. That is why so many choose Cities Service lubricants to assist them in eliminating waste and cutting down operating costs.

Cities Service lubricants have proved their ability, in actual service, to cut down power losses due to excessive friction; to consume slowly, to give protection against unnecessary breakdowns and replacement costs, and to keep machinery moving smoothly, quietly, powerfully without needless interruptions.

Cities Service petroleum products are backed by a billion dollar organization whose experts have the benefit of 68 years of practical lubrication experience. One of these experts will be pleased to discuss your lubrication problems with you.



ONCE - ALWAYS

CITIES SERVICE OIL CO.

60 WALL STREET

NEW YORK

CITIES SERVICE INDUSTRIAL OILS
QUALITY PROVED WHERE IT SHOULD BE PROVED — IN INDUSTRIAL USE



Cities Service Radio Concerts, Fridays, 8 P.M., Eastern Standard Time—WEAF and 33 Stations on N.B.C. Coast-to-Coast Network.

When writing to CITIES SERVICE OIL CO. please mention Nation's Business

decrease sales. Let it be said that the convenience or pride of possession will never grow less. No one who wants to own a car will refrain from owning one if conditions permit. Perhaps there are more people with money who don't want to own cars than there are people without it who would like to buy. That is meant figuratively, of course.

The moneyless prospect doesn't count. But what of the moneyed individual? Today the latter's sole alternative is a taxi, or a *de luxe* liveried rental, or a self-driving service which must consider high costs because of the operating method. As it is cheaper, therefore, to walk, or stay home, or go to the theater, automobile men can readily perceive what the lack of the commodity herein urged costs them.

Homes can be annoying, too

THE other parallel has to do with domicile. Who expects an individual to buy a house or apartment or even a room simply because one is essential? Countless persons, although able to afford it, reject ownership as an oppressive annoyance and prefer to live on a daily or weekly or monthly plan. Many of these are the customers that would loom as indirect eradicators of used cars.

Moreover, realty offers another precedent. Thousands of buildings have been demolished in American cities the last few years because they had outlived their usefulness after paying for themselves, a matter of 15 to 20 years. This is fundamentally the idea which automobile men meet through the suggested plan.

Customer lists come easily

A RELIABLE customer list is the mainstay of the dealer and one which he must work out himself. He need have no difficulty in promoting one. The hard work will be in weeding out irresponsibles and undesirables; to keep away joy riders and negligents. Each dealer should individually pass any applicant as to responsibility (as a matter of form, like a credit application, because in effect the car would mean a daily "consignment" of valuable property) but above all as to reliability. This would mean a rigorous examination of previous driving record. Maybe a special test might be required in some cases. Once, however, an applicant is acceptable, suitable universal but limited credentials can be made effective, and that has been formulated, too.

A banker, on first hearing my sug-

DOES NATURE LOAD YOUR COSTS?

NATURE piles no hidden loads on your cost sheets when you have a factory in Piedmont Carolinas. Instead of handicapping your production, she helps:

WINTERS here are mild and equable. Our days have nearly an hour more of sunlight at this season than is the case in older, more highly industrialized sections. Our temperatures average 10° to 20° warmer. Our infrequent snows are of brief duration and quickly melted.

SUMMERS on the other hand are surprisingly comfortable—no warmer than Pennsylvania and the southern counties of New York State—yet drier. Humidity here in this bracing upland air is 10 to 15% lower. Our summer days have nearly an hour LESS sunshine, which, with natural cool air drainage from the neighboring mountains, helps to make our nights restful and refreshing.

SEE HOW THESE FACTS help the production costs of Piedmont Carolinas manufactures. There is no call to withstand the extremes of winter. Buildings cost less. Heating costs are decidedly moderate. Lighting costs are at a minimum. Roads are always open, and receipts of materials and deliveries of finished products are never interrupted by blizzards.

Our employees do not need such

heavy clothing nor so much fuel. Their houses are markedly less expensive. Their food costs them less. There is a much higher degree of good health among them than where winters are severe.

On the other hand, there is no corresponding difference in summer. No elaborate cooling or ventilating systems are needed, and labor's efficiency is not impaired for long stretches by humid, enervating and oppressive heat waves.

In addition, Piedmont Carolinas has more hours of sunshine than any other well developed industrial region. The effect on health, energy, and spirits is well known.

ON ANOTHER COUNT nature has smiled on this region. In the mountains, just a few miles away, is the area of heaviest rainfall in the United States, with the exception of small sections on the north Pacific coast. This rainfall is the foundation of Piedmont Carolinas' extensive hydro-electric development and furnishes power for our factories, mines, kilns, and quarries.

Not only do Piedmont Carolinas manufacturers utilize this abundant power, but they also avoid setting up permanent and costly charges for private generating plants and machinery.

AND IN ADDITION

—Nature has lavished here practically inexhaustible supplies of raw materials. Many of the mineral deposits are the largest in the country, and the chief

sources on which factories in other states depend.

Piedmont Carolinas also draws on forest and timber areas of uncalculable extent. The largest stand of hardwood east of the Rockies is part of this forest wealth. Timber growth here is extremely rapid compared to forest areas of the North.

And lying all about our factories are rich fields in which are raised tobacco, cotton, and foodstuffs of every sort and variety from wheat and apples to peanuts and figs.

MANUFACTURERS

who have come here have found nature on their side, an aid, not an antagonist. Year after year more factories are located here because of the bountiful, **PERMANENT** natural advantages not obtainable elsewhere. Last year the rate was one every three days.

These manufacturing plants are found to produce goods that, quality for quality, can be produced for much less than in less comfortable, less favored sections of the country.

Why not get all the facts? Just the data you need for a preliminary study of conditions here. Write on your business letterhead for **PIEDMONT CAROLINAS, WHERE WEALTH AWAITS YOU**. Address, please, Room 108, Power Bldg., Charlotte, N.C. You will receive a prompt and courteous response.

DUKE POWER COMPANY
SOUTHERN PUBLIC UTILITIES CO.
AND OTHER ALLIED INTERESTS



PIEDMONT
INDUSTRY
CAROLINAS



This new-type washroom drying service is efficient and very economical

For the modern business washroom there is no drying service more efficient or more cost-reducing than that rendered by the new "SF" Model Sani-Dri. A thoroughly satisfactory dry, in less time than by any other service, with a saving of from 60% to 90% over present towel costs, will follow the installation of this new model in your washrooms.

Why not free your washrooms from the litter of paper towels, reduce your fire hazard and have vastly improved sanitation by using these highly efficient, new-type electric dryers? Far-sighted executives who have installed the new model have discovered that washroom costs have been greatly lowered, and drying service speeded up by this modernization.

Mail coupon for
copy of our new
catalog

The complete story of the new "SF" Sani-Dri and its twelve basic betterments is told in our new booklet, "The Airway to Efficiency", a copy of which will be mailed you on request. Just fill out and mail the coupon below. Learn what Sani-Dri really is, and what this new model can do for your plant.

ELECTRICAL DIVISION
CHICAGO HARDWARE
FOUNDRY CO.
North Chicago, Illinois

Electrical Division, N. B. 11-30
CHICAGO HARDWARE FOUNDRY CO.,
North Chicago, Illinois

You may send me a copy of your new booklet "The Airway to Efficiency", containing the complete story of the new "S-F" Sani-Dri.

Name.....
Title.....
Street Address.....
City.....State.....



"Dries quicker...
and better... than
a towel!"



gestion, remarked about the congestion these additional cars in city streets would mean. Congestion is impossible. First of all, careful drivers, whether on business or pleasure, don't congest. Again, after the first 100 days cars would begin to decrease, inasmuch as they would be immediately removed from stock and circulation.

This is, above all, the valuable feature of the idea. It means the gradual but absolute elimination of used cars without loss to anybody, and a car eliminated from the trade in its mechanical youth cannot bob up later as a derelict.

Cars don't grow old any more. Yet a car is old, commercially, at the end of its third year; it isn't even worth a loan because its chattel value ceases. The only cars which grow old in a respectable manner are, of course, those which age in owners' hands—and with those cars we have no concern. It is only essential to be ready to meet them as soon as they appear as trade-ins and begin their career of short-term ownerships, the industry's bane. It's this which harries the automobile business.

Dealers find used cars costly

THE orphaned cars in the possession of dealers in this country are many too many. Their prices are much too high.

Wouldn't dealers like to transmute these cars into money? And, as if the present situation were not bad enough, what protects them against an even worse outlook? Slow-moving used cars depreciate faster than ever these days. Determining used-car value means being a wizard—without being able to perform the cash-bringing miracle. These cars eat up overhead such as rent, demonstration, service, insurance and investment interest, apart from depreciation—items which would not increase under the proposed amortization plan.

A source of steady cash income

MAINTENANCE costs would not increase for the same car, whether in use or idle. Wear and tear of a hundred days' amortization operation would be negligible for well-conditioned cars. And think of the ready cash dribbling in daily!

Is there a dealer who couldn't place one out of every three cars he owns? What would that income mean in interest saved or quick cash asset?

Observers in the industry wanted to know, since control cannot be mandatory, what would prevent a dealer from squeezing more operating days or selling the car for whatever he can get after it

earned his money back. To begin with, dealers are supposed to have their business welfare at heart. Again, they will have so many trade-ins to keep out and amortize that the chances of overdoing it on any one car are few indeed. Moreover, the absolute and final control would rest with the insurance companies by a plan which also has been studied out—fool-proof, automatic, protective, universal.

The insurance companies' part would not be complicated (though no doubt they would not engage in this new business unless the plan were sponsored by responsible concerns, so as to make it worth their while to provide facilities for it).

Insurance premiums would be a just charge to dealers; customers would assume the gas and oil charges. It might be desirable to formulate a supplemental special 24-hour policy for customers (of the privileged A-1 group described) available daily, like travel-insurance policies. Refusal of insurance will prevent fly-by-night stands from monkeying with the idea.

On the whole, it is a public want that must be met. What can be better than a public service running into the tens of thousands of dollars daily to the benefit of a worried industry?

Thousands wait, money in hand

NEW YORK CITY is an example. There thousands of reliable, responsible men and women with money in hand, are automobileless for reasons of their own. Those customers would spell the difference between ease and red ink to many a dealer. What's the matter with their money?

Take a low average—20 rides a year per person—each averaging \$8. That means \$160, a sum for which many a good used car can be bought today. But these persons want only an occasional drive in a nice car. They are not buying prospects and maybe never will be. What if hotels were to deny rooming privileges to those who want to live on a day-to-day plan? How many rooms would they "sell"?

On the other hand, countless customers will pay in the course of a year aggregate fees exceeding the total price of one car.

There are 20,000 idle used cars in the metropolis and perhaps as many potential customers. Maybe the ratio is the same for smaller cities, but ratio is unimportant. Bring the used car and the potential together.

It means money—lots of it—and the used car's elimination from the trade.

COSTS REDUCED

BIG tank truck bodies, washing machines, gasoline pumps, water heaters and meter covers . . . hundreds of different products . . . have been reduced in cost.

Here's a single example . . . one out of eighteen taken from the YPS book "Adventures in Redesign" . . . YPS Engineers redesigned the base of an air-compressor pump with these results: Increased strength . . . weight reduced from 82 pounds to 65 pounds . . . shipping costs reduced . . . breakage eliminated . . . no more scrapped parts . . . better appearance . . . attractive savings in costs.

Isn't it possible that some parts of your product could be Pressed



from Steel? If so . . . like many other manufacturers . . . you can make surprisingly attractive reductions in your costs.

Without the expenditure of a single dollar . . . without the slightest obligation . . . you can

take advantage of the YPS Cost Cutting Service. Send for a copy of the FACTbook today. Pin the coupon below to your business letterhead.



THE YOUNGSTOWN PRESSED STEEL CO.



"PRESS IT FROM STEEL INSTEAD"

The Youngstown Pressed Steel Company,
306 University Road, Warren, Ohio

Please send me a copy of your FREE book,
"Adventures in Redesign."

Name _____

Title _____

Thinking in the right material

In commerce too, not only in industries—in every business in which goods or materials are handled—men and managers are looking for every way that can better the work, the handling, or safeguarding of values. They know that the rightness of their equipment depends, fundamentally, on the rightness of the material of which it is made.

What they can learn from modern trucks, boxes, conveyors



LIFTED, pushed, transported repeatedly; so every hundredth of an ounce counts. Thrown, dropped, stacked, squeezed . . . Boxes and trays loaded with contents many times their own weight. The strength must be there—and utmost durability—and utmost lightness—and safety of materials and product against damage.

Other factors too—the workers' time, attention, motions, convenience, accuracy . . . smoothness and sureness of traffic flow . . . management factors, etc. For such equipment nothing equals NVF.

We make both Vulcanized Fibre and Phenolites (reinforced laminated Bakelite materials). Ten standard kinds of Vulcanized fibre including Peerless Insulation and Leatheroid. For electrical insulating and mechanical uses. Direct representatives in principal cities of the United States, Canada and Europe.

NATIONAL VULCANIZED FIBRE CO.
WILMINGTON, DELAWARE

NVF

The beginning of every advancement, in equipment or product, must always be:

thinking in the right material

Making Life Insurance Do Its Job

(Continued from page 43)

going to purchase the maximum peace of mind—and thus, I suspect, a clearer mind for use in his job—if he provides adequate protection for them. This does not mean \$5,000 of insurance, or \$10,000, or any particular lump sum. Rather, it means enough insurance to yield an annual income adequate to support them—probably not to support them luxuriously, for he cannot afford this, but enough to keep a roof over their heads and to clothe and feed them.

If this takes all his money above actual living expenses, so that he cannot save anything for investment, plain, logical judgment must show him that it is nevertheless necessary. Certainly he should be able to look forward to better earnings in the future, and then, having provided adequate protection, he can begin saving.

Insurance for the young man

EVEN a young man without dependents is probably using good business judgment and intelligence if he gradually and steadily builds up an amount of life insurance against the time when he will marry and have others to care for. If he does not buy the insurance in this way, he may find himself uninsurable at the very time he needs this protection, and his annual premium outlays will be smaller if his insurance is bought at the low rates of the younger years.

The situation may perhaps be summed up as follows—life insurance is primarily to protect the family. Savings, investments, are only of problematic value for this purpose unless they are backed up with life insurance. Life insurance, on the other hand, is strengthened by supplementary savings—but for creating an estate it is the one method that can stand alone.

Putting away \$20 a week in a savings account will yield adequate protection for a family of modest requirements if it is kept up for twenty years. If the breadwinner dies after only two years of this program have been completed, however, the small sum in the bank will not be of much permanent use to his family. On the other hand, if the same man puts into ordinary life insurance premiums \$10 a week and saves the other \$10 he guarantees his family (if he is about 35 years old) a principal

sum of \$20,000 or so right from the start, with a gradual increase in the estate as it grows from his \$10 weekly savings.

At the end of 20 years his policy has a cash value of more than \$10,000 (including dividend accumulations), so he is not a great deal, if any, out of pocket for having provided sure protection all of this time.

So far we have been talking about life insurance in terms of lump sum settlements. This is how most people think about it. If I ask how much insurance you have, you will answer, "I carry \$20,000"—or \$50,000, or \$500,000 as the case may be.

Rarely does a life insurance man encounter a policyholder who says, "I have enough insurance to give my family \$1,800 a year," or whatever it may be.

Yet when you consider the problem, it is annual income that you need to leave your family rather than a lump sum of money. Consequently you know that you must think in terms of annual income if you are to think clearly. Thinking in lump sums is responsible for much muddled thinking about life insurance.

An income assured for heirs

THE life insurance companies are able and willing to sell insurance on an income basis. This is accomplished through settlement options which practically every company offers. The settlement options provide something to fit almost every man's requirements in this respect. The insurance company will, for instance, hold the principal sum, if you wish, and pay the beneficiary a guaranteed rate of return, plus whatever additional the company can earn on its investments.

Or it will pay the beneficiary a fixed monthly income for as long as the money and interest holds out, or a monthly income for life, depending on the age of the beneficiary when the policy becomes a claim, or a somewhat smaller income for life, guaranteeing ten years of payments even if the beneficiary dies meanwhile, or 20 years of payments, or any number that the insured wishes to specify, or, for a slightly increased annual premium, a minimum monthly income for life, again with the options of a specified number of years certain even though the bene-

The Southwest Market at a Glance



Sales Executives . . . here are 4 market maps on one sheet and a 144 page book designed especially for you!

AS a sales executive you are entitled to a copy of this new book, "*The Southwest Market*", and the four maps in five colors included with each copy. The maps vividly and accurately show: Distribution of Retail Outlets . . . Distribution of Population . . . Distribution of Spendable Money Income . . . and Rail Service from Dallas. Thus, a glance gives you a clear economical picture of the Six Billion Dollar Southwest Market, with Dallas at its center.

The book contains 144 pages of live, interesting information expressed in executive terms of facts and figures. Tables such as "Indices of County Buying Power" and

"Southwestern Distance Scale of Rates" in themselves make this book invaluable to you. A profusion of photographs show many of the more than 2,000 branches already located in Dallas. Every angle of the Southwest market is discussed in a terse manner that will hold your interest from cover to cover.

You who are responsible for the opening of new sales offices, branch plants or warehouses should not fail to write for *your* copy of this new book. As there is naturally a limited number of these valuable books, you will help us place them in the proper hands by writing on your business letterhead, or using the executive coupon.

EXECUTIVE COUPON

Dallas

*Southwestern Headquarters
to American Business*

Industrial Dallas, Inc.

511 Chamber of Commerce Bldg., Dallas.

Please send free copy of your new book, "*The Southwest Market*", to:

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IRVING TRUST CO.
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New York, N. Y. - Architects
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NUMBER ONE WALL STREET

In the magnificent new building being erected by the Irving Trust Company at No. 1 Wall Street, a Steelcrete Bank Vault will give the most complete protection known to engineering science—Steelcrete Vaults, within all practical limits, proof against cutting flame, fire, drill, explosive and shock. The most prominent installations of Steelcrete Bank Vaults are in themselves a tribute to the efficient and permanent protection that has been developed in the Steelcrete System.

Send for results of tests from certified endorsements. A complete story of Steelcrete Bank Vaults in book form will be forwarded upon request.

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Sales Offices and Warehouses: Boston, Cleveland, New York, Chicago, Philadelphia
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When writing to THE CONSOLIDATED EXPANDED METAL COMPANIES please mention Nation's Business

ficiary does not survive, or an income to two beneficiaries for their lives. There are many possible combinations, some one of them almost sure to fit your requirements.

All of these settlement options must appeal to your business judgment, for they remove the danger of the beneficiary—your widow or child—losing the money for which you paid premiums to assure a living income.

They are as safe as the life insurance company itself—and this means as safe as any modern financial institution can be.

The elementary problem

I HAVE not tried to cover such specialized forms of insurance as business and partnership life insurance, group insurance, or any of the other forms which aggregate many millions a year for the life insurance companies. Neither have I discussed such features available with the modern life insurance policy as disability clauses, double indemnity provisions, and so on. Instead, I have tried to confine myself to an outline of the general problem that the typical business executive, neither rich nor poor, neither very young nor very old, faces in the business task of attempting to provide life insurance protection for his family.

I have, I hope, supplied the facts by which you can answer for yourself the three questions propounded at the start of this article:

Are you carrying your life insurance properly?

Is your thinking about life insurance muddled?

Why do you carry life insurance, anyhow?

Branded Foods' Celebration

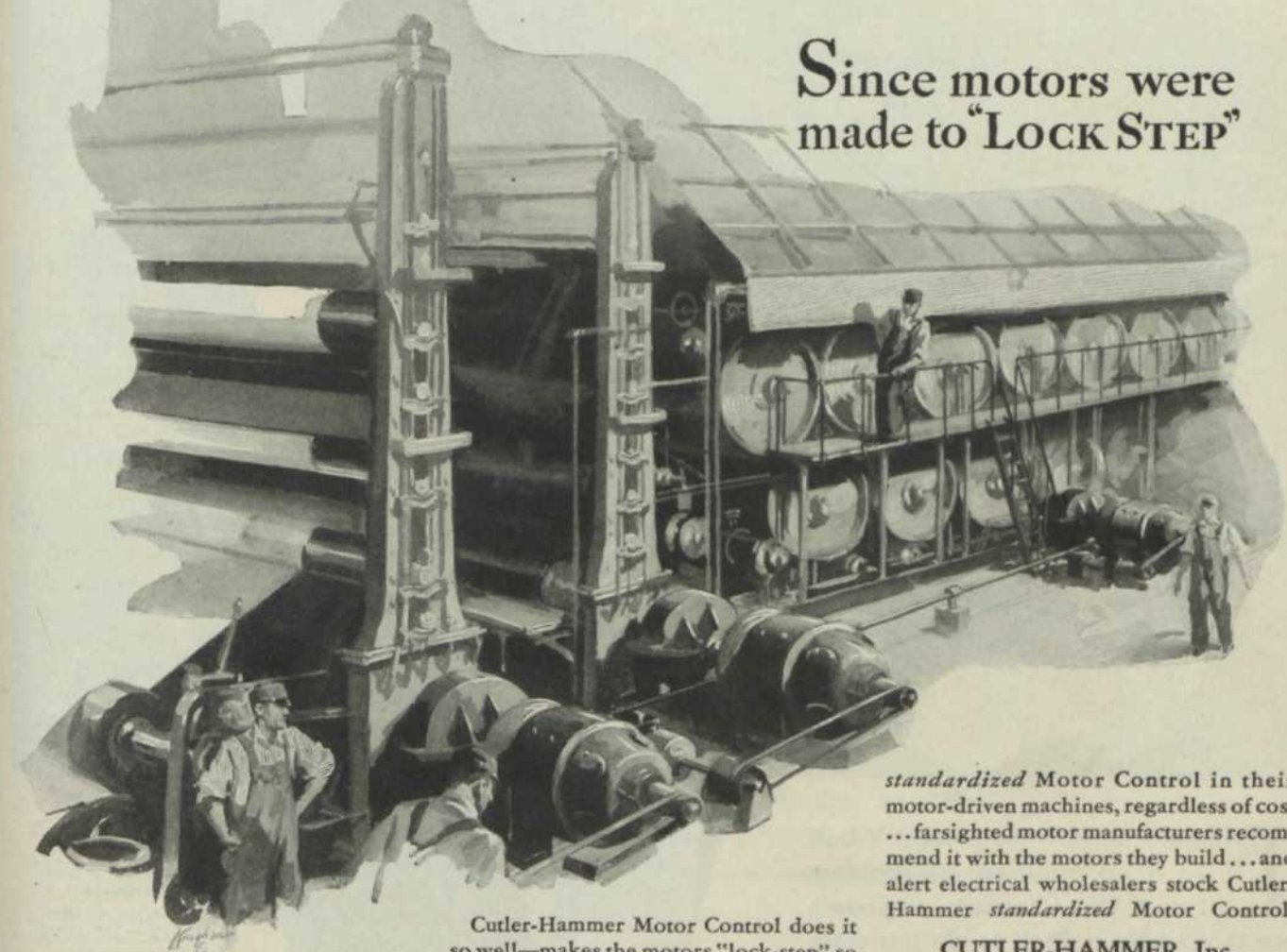
THE celebration of the 150th anniversary of branded foods, held in connection with the New England Tercentenary recently, offers some illuminating figures on how our annual income is spent. One fourth of it spent for food—around \$21,000,000,000 plus \$3,000,000,000 more for products "consumed on the premises"—food raised on the farm, etc.

Of the total annual income—between \$78,000,000,000 and \$89,000,000,000—\$12,000,000,000 go into textiles, automotive equipment gets \$5,000,000,000 to \$6,000,000,000 and building construction gets between \$7,000,000,000 and \$8,000,000,000.

TRAVELS TO THE PROVING GROUNDS OF CUTLER-HAMMER EXPERIENCE

Miles of flying paper without a break

Since motors were
made to "LOCK STEP"



VARIED are the problems Industry solves by the use of modern Motor Control. In one plant, ladles of white hot metal is the load entrusted to electric motors . . . to be carried safely with Cutler-Hammer Motor Control standing guard. In another, tons of rock roar through whirling crushers with Motor Control again alert to protect men, motors and machines.

In paper mills, the burden is just a film of soggy, flimsy pulp . . . a sheet barely capable of supporting its own weight. Through one set of rolls after another it flies at speeds up to a thousand feet per minute.

Is this a problem for Motor Control? Each set of rolls is driven by a separate electric motor. The slightest variation in speed between successive sets of rolls will stretch and "flaw" the sheet. Only a trifle more variation will break the filmy web. Thus, the motors *must* be kept in pace to keep their fragile burden whole.

Cutler-Hammer Motor Control does it so well—makes the motors "lock-step" so perfectly that fifty hour runs without a break are commonplace.

This is typical of the difficult problems of Motor Control which Industry habitually brings to Cutler-Hammer for solution. Many can be solved *only* by designing entirely new apparatus. This pioneer engineering gives origin to better solutions for common problems, explaining why advanced features are found in Cutler-Hammer *standardized* Motor Control . . . features which assure more accurate protection to motors permitting greater loads without risk . . . maximum savings of steps and time . . . and safety to men and equipment.

Because of Cutler-Hammer experience and the results of it, thorough-going machine builders incorporate Cutler-Hammer

standardized Motor Control in their motor-driven machines, regardless of cost . . . farsighted motor manufacturers recommend it with the motors they build . . . and alert electrical wholesalers stock Cutler-Hammer *standardized* Motor Control.

CUTLER-HAMMER, Inc.

Pioneer Manufacturers of Electric Control Apparatus
1251 St. Paul Avenue
MILWAUKEE - WISCONSIN

The Final Result of This Pioneering

Cutler-Hammer *standardized* Motor Control has features which only pioneer engineering could produce—features which only experience covering all problems of electric motor application could perfect. Thus, Cutler-Hammer "ready-to-use" equipment meets every common requirement with reserve to spare—provides for all usual motor applications the same superior performance, safety and economy for which Cutler-Hammer specially engineered Motor Control has been outstanding throughout three decades of Industry's electrification.



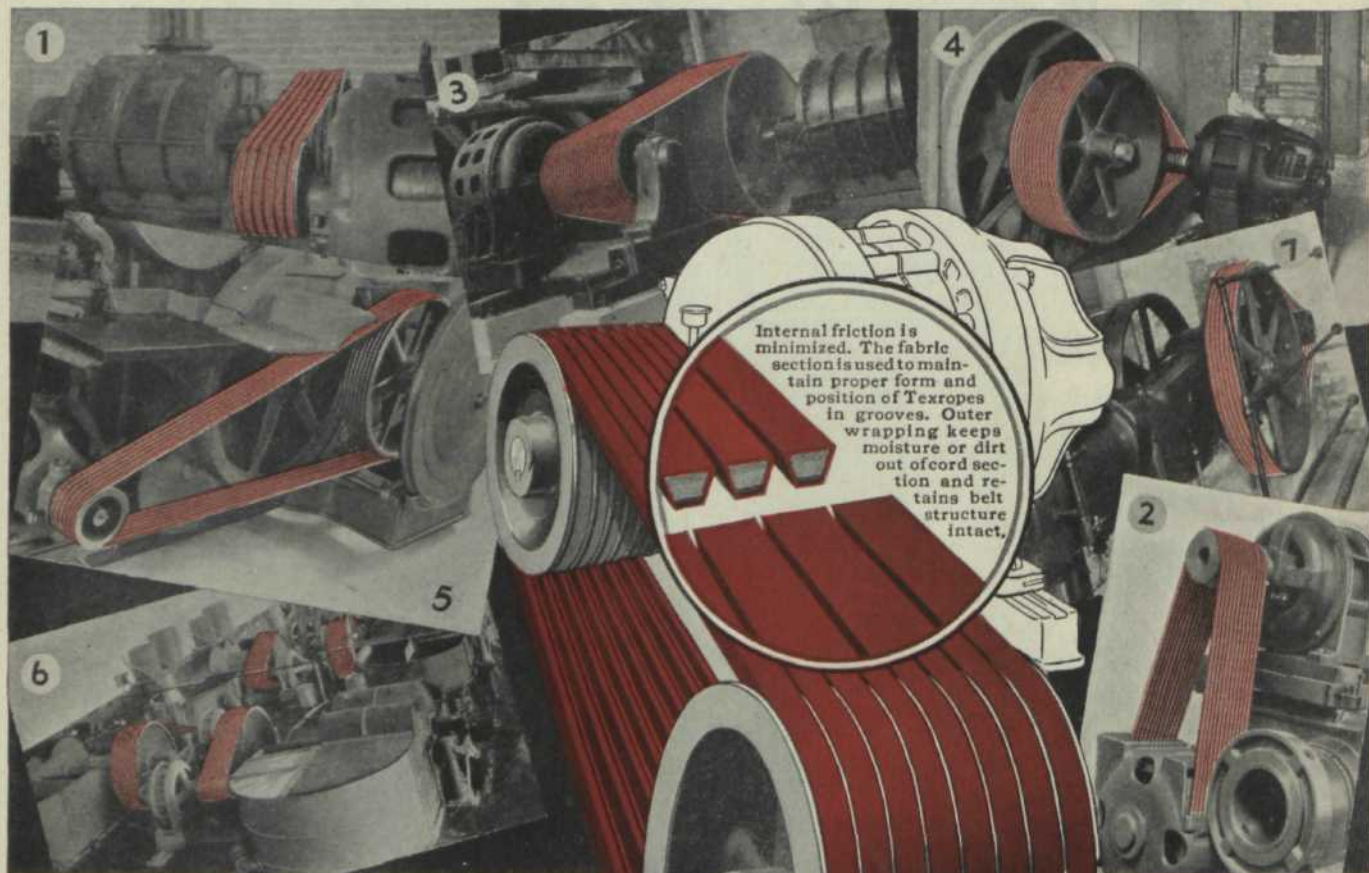
CUTLER HAMMER

The Control Equipment Good Electric Motors Deserve

(A-204)

OVER 95,000 Installations...

correctly engineered to assure perfect performance



THE selection of the correct V-belt drive is an engineering problem . . . and Allis-Chalmers engineers are thoroughly trained to do this work carefully and accurately.

Sheaves below a certain diameter are not practical. Speed ratios beyond certain limits are not permitted. A definite number of belts is needed, and their size is important.

The very fact that Allis-Chalmers has over 95,000 Texrope Drive installations is convincing proof of outstanding merit. Wherever correctly applied Texrope Drives have never failed to give complete satisfaction.

When you use genuine Allis-Chalmers Texrope Drives, you can be sure of getting the correct drive for your purpose . . . and Allis-Chalmers, more than 80 years old in the production of power machinery, accepts the entire responsibility for complete satisfaction.

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NEWS OF ORGANIZED BUSINESS

By WILLARD L. HAMMER

Helping Growth

THE New Orleans Association of Commerce recently appointed a joint committee to help its present industries attain greater growth.

President Lockett of the New Orleans Association explained the situation by saying "while it is essential that the Association should endeavor to attract new industries here, development of those already existing is of greater importance, since the success of existing plants is the best possible inducement to others to come here."

He explained further that the Association of Commerce is striving to help not only industries in New Orleans but also those in the New Orleans Industrial Zone and as far as possible those in the New Orleans Trade Zone.

The committee in question is to be composed of representatives of the Industrial, Retail Merchants, Trade Development and Foreign Trade Bureaus and of the general business interests of the city.

A Program for Expansion

THE Washington (D. C.) Chamber of Commerce is preparing to launch a five-year program intended to extend and broaden the scope of its civic and business activities.

A special committee has been working on the problems for some time. It felt that that Chamber had not been given the financial and general support that a chamber in such a city might reasonably expect.

The campaign has four principal objectives:

1. To make the Chamber comparable in strength, influence and community usefulness with the strongest chambers in the country.

2. To modernize, where necessary, its organization structure and its methods of operating, and especially to afford an opportunity for widespread group and committee service.

3. To make it an organization in which the views of the members can be quickly crystallized on matters where a

united front of all local groups is desired.

4. To broaden the work of the organization so that it will render essential services to various general groups, such as chambers in other cities do in upbuilding trade, commerce, and industry.

Martin A. Leese, past president of the Chamber, has been appointed chairman of a special division, composed of 60 members, which will be in charge of the solicitation of plural memberships from Washington's leading business firms.

A New Service for Merchants

THE mercantile affairs committee of the Illinois Chamber of Commerce has engaged specialists in merchandising to help it in giving service to its members.

In a general letter to merchant members of the Chamber, the director of the mercantile affairs department of the Chamber said:

"The Sherman Corporation, working through the State Chamber, will diag-

nose your trouble much as a medical diagnostician tries to find out what's the trouble with your liver before another surgeon operates on it. After you know what's wrong with your business, then the matter of curing the ailment is up to you."

The Illinois Chamber engaged this firm of management engineers after concluding that fundamental merchandising methods called for analysis and improvement.

Employment Exchanges

THE Department of Manufacture of the United States Chamber of Commerce has recently published a preliminary report on "Public and Private Employment Exchanges."

The report discusses existing facilities of the United States Employment Service and facilities of private employment exchanges, as well as the Wagner bill now in Congress which would nationalize state and local employment exchanges.

Where Business Will Meet in November

DATE	ORGANIZATION	CITY	HEADQUARTERS
1	American Corn Millers Federation.....	St. Louis, Mo.	Jefferson Hotel
4-6	Southeastern Florists Association.....	Birmingham, Ala.	Tutwiler Hotel
4-7	National Tire Dealers Association.....	Chicago, Ill.	Hotel Sherman
6-7	Wisconsin-Upper Michigan Florists Association.....	Milwaukee, Wis.	
10-13	American Petroleum Institute.....	Chicago, Ill.	Stevens Hotel
10-14	National Hotel Exposition.....	New York, N. Y.	Grand Central Palace
10-15	American Bottlers of Carbonated Beverages.....	Milwaukee, Wis.	Milwaukee Auditorium
11-14	Master Photo Finishers of America.....	St. Louis, Mo.	Hotel Jefferson
11-14	National Association of Practical Refrigerating Engineers.....	Memphis, Tenn.	Hotel Peabody
11-14	New York State Hotel Association.....	New York, N. Y.	Grand Central Palace
12-14	Mid-West Implement Dealers Association.....	Omaha, Nebraska	
12-15	National Association of Railroad and Utilities Commissioners.....	Charleston, S. C.	
12-15	National Electrical Wholesalers Association.....	Cleveland, Ohio	
14	Piedmont Millers Association.....	Greensboro, N. C.	O'Henry Hotel
15	National Shorthand Reporters Association.....	Denver, Colo.	Albany Hotel
16-22	American Royal Live Stock Show.....	Kansas City, Mo.	
17-21	National Standard Parts Association.....	Cleveland, Ohio	Hollenden Hotel
18-19	National Association of Finance Companies.....	Chicago, Ill.	
18-21	National Association of Ice Industries.....	Milwaukee, Wis.	Hotel Schroeder
19-21	American Dental Trade Association.....	Chicago, Ill.	Edgewater Beach Hotel
19-21	Association of Ice Cream Manufacturers of Pennsylvania and New Jersey.....	Pittsburgh, Pa.	William Penn Hotel
20-21	National Industrial Traffic League.....	New York, N. Y.	New Yorker Hotel
20-21	New England Council.....	Boston, Mass.	Statler Hotel
21	Southern Appalachian Coal Operators Association.....	Knoxville, Tenn.	Andrew Johnson Hotel

Begin Now!

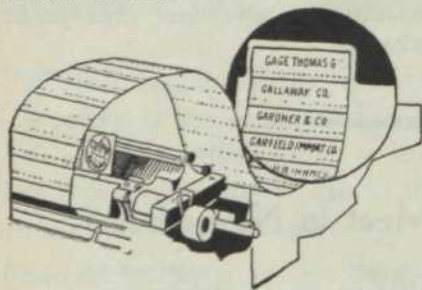
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Obtain these time-saving innovations from your neighborhood filing system specialist!

Now—not at the last minute—is the best time to buy your folders, for your January 1st file transfer.

And now is the time to start indexing these folders—to start typing folder headings upon convenient, time saving Oxford Rol-Labels, especially prepared for this purpose. (No waste of time inserting, taking out or otherwise regulating their position before typing.)

With the folders all indexed and ready to be placed into empty file drawers, all of the usual end-of-the-year file transfer confusion will be eliminated.



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500 Driggs Ave. Brooklyn, N. Y.



When writing please mention Nation's Business

Credit for Expansion

THE Scranton, Pa., Chamber of Commerce has undertaken provision for that city of a credit guaranty fund of \$1,000,000 for the stimulation of growth of industries in and near Scranton.

In announcing the plans, the Chamber said:

"Eighty per cent of industrial development is a growth from within the community. . . . Scranton has a number of industries which have definite programs for expansion but which need the cooperation of the community, financially, in order to make these expansion programs practicable. In Scranton there are insistent opportunities for expansion not only in the organization of new industries, but through the growth of established industries. This is one of the surest ways of increasing pay rolls."

The Credit Guaranty Industrial Fund is, in brief, an agreement among leading men of the community to pay defaulted loans made under the terms of the agreement.

It is so designed that there will be no hardship on any one person if a

borrower under the plan should be unable to repay his loan.

Increasing a Trade Area

LAST January the Chamber of Commerce and Retail Merchants Bureau of Newton, Iowa, conceived the plan of increasing the Newton trade territory by coordinated sales, which were to be well advertised throughout the adjoining territory. The plan, briefly, was that in each month two days would be set aside as trade-extension days. Each monthly drive would point toward a seasonable and central theme.

Prices and quality were not to be cut for these events except on a few low-priced leaders.

Arrangements were made with the local newspaper for a blanket circulation of the county and adjoining fringes of adjacent counties.

It was expected that it would be necessary to keep up the monthly campaigning for a year or so before marked results would become evident, but merchants reported that the campaign was proving its value as early as June.

The Trustee Annuity Plan at Work

(Continued from page 52)

the annuities they represent. If it appears to be to the mutual advantage of Company and employee for him to continue at work after retirement age this may be done but the employee's annuity begins at normal retirement age and is regarded as a part of his compensation. An employee may also, by special action, be retired earlier than his regular retirement age, in which case his income from all his annuity units will be the amount which is the actuarial equivalent for retirement at his then age.

The units which he buys for himself are, of course, his, no matter when he severs connection with the Company.

Compulsory systems may come

THIS flexibility of the plan helps to remove the obstacle and offers no new obstacle to the employment of older workers because every employee reaching retirement age receives his proportionate income. This has a significant bearing on the tendency, now spreading by imitation, to discard workers often when they are still in the prime of life. The practice is such a potential injury to business and menace to the state that

it is certain to cause legislation making retirement systems compulsory. This will put upon industry an additional burden of expense as well as the handicap of red tape of state regulation.

Old age is not a date in the calendar but a state of mind and one man at 60 may in fact be younger and more economically valuable than another man at 40. All business practices should conform, not to preconceived and artificial theories but to facts as they are. Men should be employed on the basis of their fitness, not on the basis of a calendar.

The Westinghouse plan's purpose is not to eliminate old age but superannuation. Obviously the economic justification for a scientific plan is that it enables an employer to eliminate superannuation from his plant without doing his workmen an injustice.

It is not claimed that the Westinghouse plan is perfect. Nothing human is. But it seems clear that the plan is constructed on basically sound lines. No doubt certain amendments and improvements will be added as experience indicates the need for them. Whatever changes may be made will not need to be changes in structure but only changes in details. Westinghouse believes it has



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Dwight P. Robinson & Co.,
125 East 46th Street,
New York City.

Re: City National Bank, Bridgeport, Conn.

Gentlemen:

Now that the City National Bank of Bridgeport is about completed, we wish to advise you that the new building has proven a decided success. We hear nothing but complimentary remarks from every source and for our part, we are particularly pleased with the workmanship throughout. Its quality is not surpassed by anything that we have seen or that we have had done for us by other contractors. It gives us great pleasure to tell you this because in no other office building built for us has the work, in every respect, been so uniformly good.

As to your form of contract and the management of the project, we are convinced that it is the most advantageous to an owner. Your method of competition for practically every item used in the building has convinced us that the owner could not have procured a better structure elsewhere for the available appropriation, and we question if they could have found its equal.

With much appreciation of the manner in which you have collaborated with us from start to finish, we are,

Very truly yours,

DENNISON & HIRONS
(Signed) Ethan Allan Dennison

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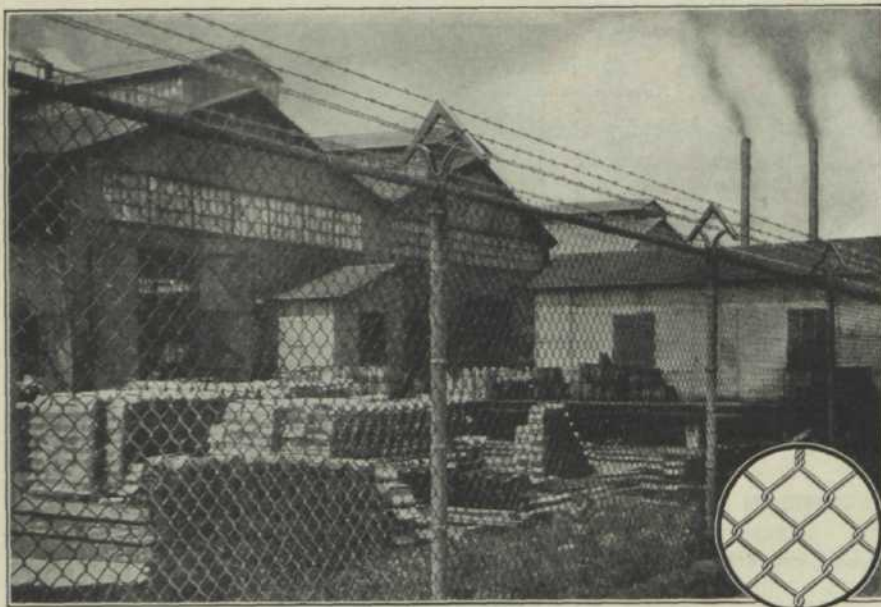
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A Pittsburgh Chain-Link Fence will transform a bit of unused ground into valuable storage space at comparatively little cost. Sturdily built and non-climbable, it is proof against petty pilfering, the ideal enclosure for things ordinarily stored in the open. Made of the finest copper-bearing basic open-hearth steel and heavily zinc-coated after weaving, it will withstand weathering and severe usage for an amazingly long period of years. Framework is constructed of our own specially-rolled "Pittsburgh" Seamless Steel Pipe of standard pipe weight giving extra strength and durability to the erected fence.

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found a solution of its problem. At any rate its plan avoids many of the common defects of pension plans. These defects include:

1. Many pension plans are not contractual and therefore not dependable. This defeats their avowed purpose and decreases the return on the money invested.

Westinghouse corrects this defect by making its plan contractual and at the same time preserves freedom of future action by its Board of Directors.

2. They are not cooperative. This means that the employer pays for the whole program, with the result that the schedule of benefits is inadequate to achieve the desired purpose. While this is more expensive for the employer, it is no more satisfactory to employees, because all experience demonstrates that men do not appreciate what they get for nothing.

Westinghouse corrects this defect by making its plan cooperative on a 50-50 basis, thereby halving the expense to the employer and doubling the return to the employee for the money he spends. This practice of reciprocity produces cooperative good will as a valuable by-product.

3. They are not secured by a reserve fund, but provide for the payment of pension benefits out of annual profits. This is unscientific financing, because it subtracts from annual profits uncertain and increasing amounts, and also amounts which are proper charges against other years.

Reserve charged off each year

WESTINGHOUSE corrects this defect by setting up a reserve fund, building it up by charging off to each year as an operating expense the actual pension liability arising out of that year, so that it has in hand the full reserve required to cover its pension liability when and as it matures without making any special appropriations.

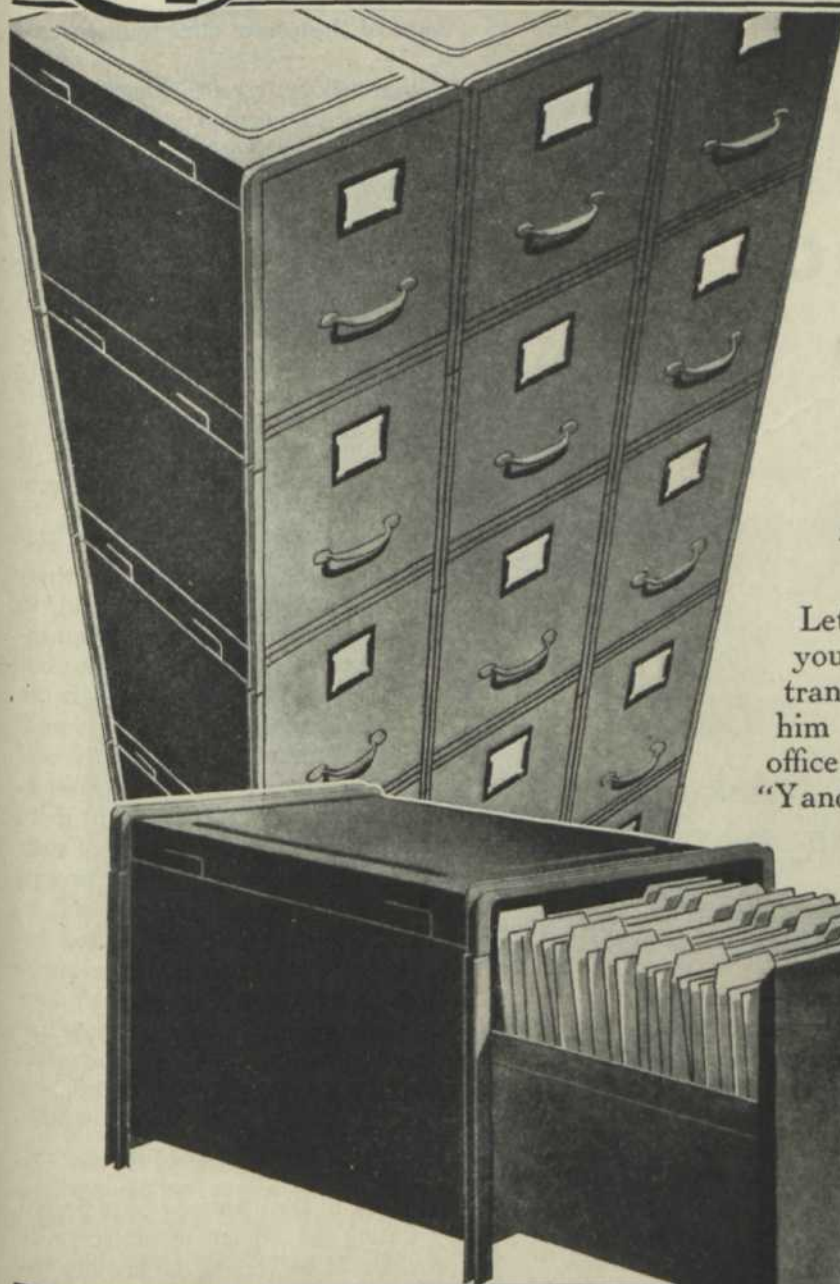
4. They almost all employ the method of multiplying the years of service by a percentage of the average wage for the last ten years previous to retirement. This is an expensive fallacy, because it makes the cost depend on a future amount, which is both unknown and increasing.

Westinghouse corrects this by making the number of annuity units distributed depend on an employee's wage during his whole period of service. This encourages their purchase at lower rates during earlier years and stimulates the use of foresight rather than hindsight.

5. They often attempt to employ the banking method of treating a reserve

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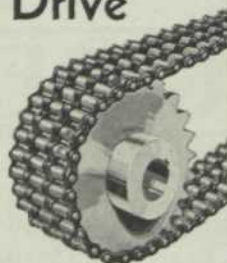
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fund in terms of principal and interest. This is a virtual impossibility in practice, because a pension plan requires not a bank account, but an annuity fund. By the banking method, I mean the attempt to build up a principal fund and use only the interest from it for pension purposes. Employers using this method will, of course, discover sooner or later that it is practically impossible to accumulate a principal sum large enough to yield sufficient interest to provide the stipulated benefits under their plans. Some of them have already discovered it.

Westinghouse corrects this defect by organizing its plan on a scientific annuity basis, which makes a very different and a much larger use of money than the principal-and-interest method. By annuity method, I mean the establishment of a fund actuarially calculated to be sufficient, by using both principal and interest, to provide the stipulated benefits with the guarantee that the annuitant's income will not fail while his life lasts. The outlay of money required by this method is many times less than if only the interest on the principal sum is used.

6. They are almost all organized and operated on the basis of a dole or charity. This is not only distasteful to American workmen and morally damaging to employer and employee alike, but creates a large financial waste. It is the fruitful source of "hidden pensions," that is, the retention of men in the service beyond the period of their usefulness and the payment to them of more than they earn. In consequence of such a method no industry knows or can know what its present pension cost is.

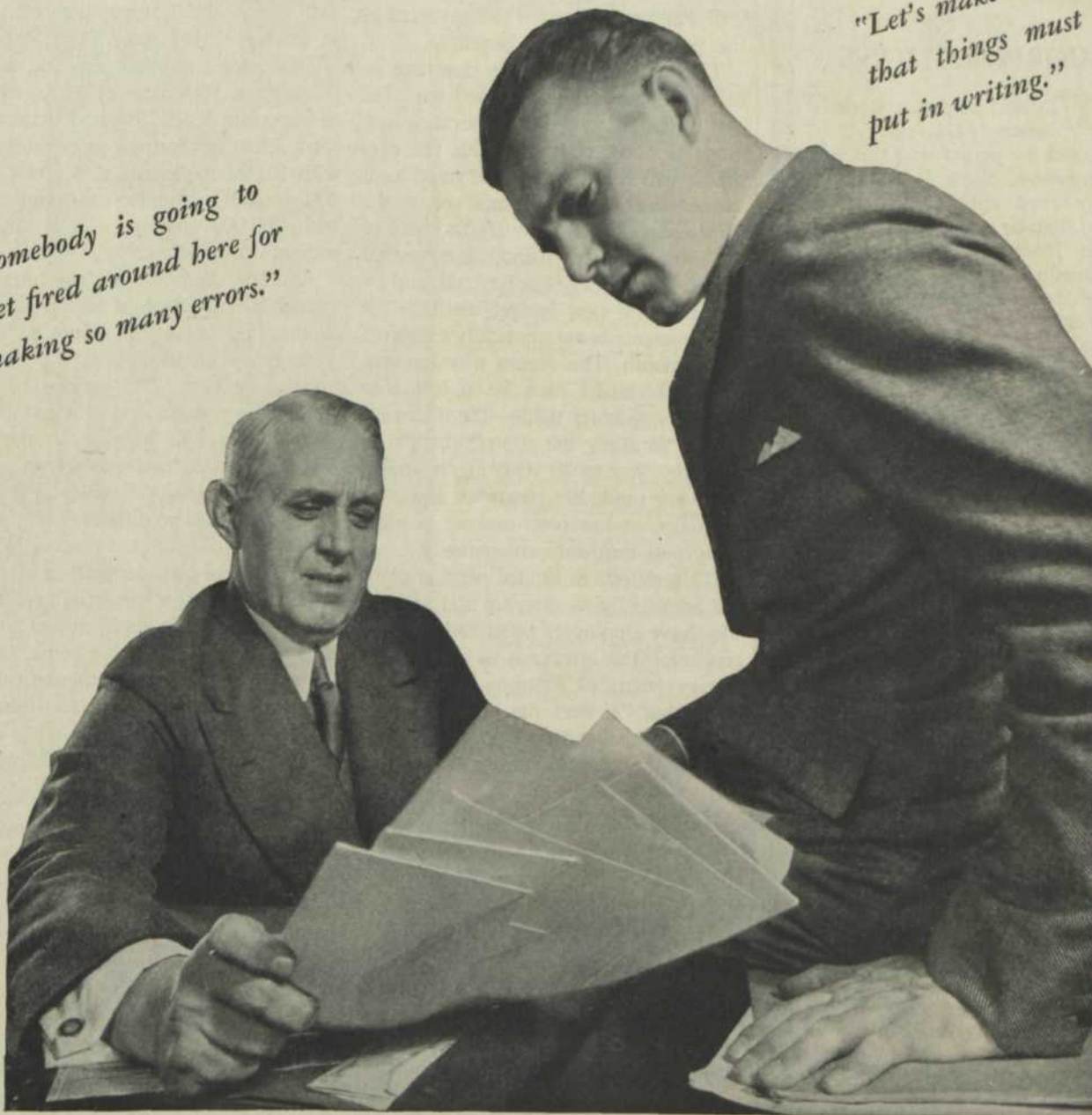
Westinghouse corrects this defect by eliminating from its plan every element of charity. The word "pensions" does not occur in the plan. Westinghouse has started a process to eliminate the needless waste due to "hidden pensions."

A \$54,000,000 plan

THE size of the plan may be indicated by stating the amount of protection it provides. If we reckon the annuity income coverage of the Westinghouse plan after the usual manner of group insurance coverages, and if we assume that employees buy on their minimum schedule only as many units as the Company provides, then the annuity coverage is approximately 54 million dollars when the plan starts, and \$14,500,000 annually thereafter. This, of course, is not the cost, but the annuity coverage or income protection, just as when an insurance contract is issued to a hun-

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"Let's make it a rule that things must be put in writing."



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dred men for \$1,000 each, we say the insurance coverage on the group is \$100,000. They are protected to the extent of this possible amount of benefit.

The amount of annuity coverage is, of course, not to be confused with the cost of it, just as the life insurance coverage is never confused with the premium, which is only a small fraction of the coverage. The net annual cost to the Westinghouse Company for its share of the above annuity coverage, is estimated to be 1.2 per cent of the pay roll, and by the use of a new budget method, the exact net cost is automatically exhibited every month. The reason why the cost of this scientific plan is so low is a discovery recently made—the discovery of how to apply the group principle to annuities, just as 20 years ago a similar discovery made life insurance available to groups at low cost, making possible the group insurance enterprise.

If the defects in typical pension plans are admittedly so obvious and serious, why have employers permitted them to continue? The answer is to be found in a wise remark of Artemus Ward to the effect that "It isn't the people's ignorance that makes the trouble, but that they know so many things that aren't so."

In fairness to employers, it should be said that the blame for knowing so many things about pensions that aren't so, is not wholly theirs. They have been misled by false information.

The bogey of "accrued liability"

ONE of the real obstacles in the way of sound retirement systems has been the amount of reserve supposed to be required by the so-called "accrued liability" for past service. As commonly used, "accrued liability" is neither a liability nor has it accrued. It is a misnomer and a myth. It does not represent the facts. The Westinghouse plan has exposed this misleading idea and discovered this problem to be nonexistent. In any industry like Westinghouse, established for a certain number of years, there exists a matured obligation on employees past retirement age, which may correctly be designated as "accrued liability," but it is about 20 times less than what the so-called "accrued liability" as a whole is generally supposed to be. This comparatively small sum is an accrued liability accurately speaking; the balance is not an accrued liability at all and by far the largest part of it never will be. It is only a contingent liability.

When the problem of the so-called "accrued liability" is eliminated and

when an organization trustees its funds and operates its own plan, a company with about 40,000 employees can save in money outlay more than \$200,000 annually for a number of years, as contrasted with the outlay of money hitherto supposed to be required actuarially for a scientific plan; for an organization with 10,000 employees, it is about \$50,000 annually; and for an organization with 200,000 employees, it is about a million dollars annually.

Another bugbear which has prevented the adoption of scientific plans, is the fear of future mounting costs. This is as groundless as the fear of accrued liability. The number of pensioners in organizations of a certain age undoubtedly will increase in number. But if a proper reserve is set up yearly covering the pension liability as it is accruing, it makes no difference how much the number of pensioners increases. The Westinghouse plan demonstrates that it is possible to know in percentage of pay roll the maximum level annual cost of the plan for all years to come, and to know to the point of mathematical certainty that it can never exceed the known maximum. This maximum cost is low and the actual net cost is still lower.

A help to other industry

THESE two illuminating facts—the solution of the problem of accrued liability and the level maximum budget, exhibited in the Westinghouse plan—constitute good news to any industrial concern troubled by its pension problems, because the information is now available for its solution.

In view of the recent discovery, which makes a scientific annuity plan possible at low cost, and the large and increasing amount of "hidden pensions" now carried, which a scientific plan is designed to cancel, and the superannuation which such a plan eliminates from a plant with the consequent improvement in production, it will become increasingly clear to industrial leaders that a scientific plan may not be any additional expense at all, but may be the means of decreasing expense.

In the Westinghouse Company the nominal cost of such a scientific plan is low; the actual cost is considerably lower. The Westinghouse plan was scientifically constructed and was adopted on the theory that depreciation of human machinery is a proper charge against production costs and that it pays to treat this cost as a regular operating expense, because worried workers are poor producers.

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What Wall Street Is Talking About

By MERRYLE STANLEY RUKEYSER

A YEAR has passed since the Wall Street panic and men of business still lack a clear understanding of the nature of the economic malady through which they have been passing.

Prosperity broke down because of the anarchic character of business, which has been without a central, directing, coordinating, integrating mind. Without rational direction, business moves headlong, accumulating excesses, abuses, and defects until periodically it reaches the breaking point. Then, after the momentum of prosperity has died down, business blunders through trial and error and gradually corrects its shortcomings.

Broadly speaking, abnormal stimulation and overexploitation of demand is compensated for in a subsequent phase of subnormal business. Business in general is perpetually groping for a state of economic balance, which periodically is upset by the sum total of all human acts of folly, excess and unwisdom.

Too frequently the business diagnostician takes too narrow a view of the causes of depression which are heightened by the emotional instability of the public. When at length the economic setting is primed for recovery, business will turn as executives tire of being pessimistic and overcautious.

In modern life, a fundamental political aim should be economic stability. Yet politicians have frequently been stupid in opposing innovations on the part of business leaders calculated to maintain an economic equilibrium. Politicians have sought to thwart integrating programs by hobbling present-day business with antiquated laws which restrict rational cooperation to maintain prosperity. It has been customary for politicians to exalt an archaic, blind, and often destructive competition.

Objectionable politicians have not only pretended to hate men of wealth, but through progressive income taxation have attempted to discourage the efficient and to subsidize the unsuccessful.

preneur who provides employment for labor and who offers to consumers better products at lower prices.

As we Americans attain economic maturity, we shall seek, to a greater extent, to overcome accident with planning ahead. President Hoover has often stressed the modern idea of preventive medicine in business. Messrs. Catchings and Foster, the heterodox economists, have suggested a mechanism for safeguarding prosperity through stabilizing business.

The recession has brought the business world to a new appreciation of reality. It no longer thinks "it ain't gonna rain no more."

Contrary to the earlier assertions of apostles of the new era, it has discovered that the business cycle has not been adjourned. It has been reminded that periods of inflation are inevitably followed by interludes of deflation. It has found out anew that eras of excessive and unwarranted speculation are followed by periods of lack of venturesomeness and fright.

It has seen once more that a lack of balance between output and demand brings ruinous commodity prices. It has found out again from recent experience that government doles, farm-relief measures, and unsound tariffs only complicate the flow of economic forces and do not ultimately thwart the working out of the inexorable laws of supply and demand.

THOUGHTFUL executives recognize that in the debauch which preceded the panic there was too much high pressure and too little science in business. They know now that there were too many "press-agented" business leaders and too few analytical, statesmanlike executives.

Every time a key man was selected for a business post because of nepotism, favoritism or other extraneous reasons, such as prowess in college athletics, invisible stresses and strains were placed on the business structure. Prosperity was sapped by "yes men" and by un-



The Internal Revenue Building in Washington is the first of the monumental government buildings to be brought to completion in the triangle development, just north of The Mall. Its total cost was \$8,000,000

IN times of affluence, there is a lack of due appreciation of the capable *entre-*



"Too many operations!"

Life for a certain city doctor kept growing more and more strenuous. He was on the staff of a large hospital. He had a rapidly increasing practice.

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necessary human duplicates who followed the crowd without benefit of any objective attempt to get the data.

THE causes of recession run deep into human nature. They consist not merely of overproduction, which is merely a condition incident to the setback. The injection of the spirit of jazz into finance during the bull-market days helped to bring on the trouble.

Savers disturbed the economic equilibrium by turning from the savings institutions and the bond market, thus in time starving the business world for credit and laying the basis for the worldwide crippling of effective demand for raw staples and finished products. The business world came to regard abnormal post-war demand for housing facilities as permanent, yet in time shortages were made up.

Though the market for automobiles and radios did not become saturated, the markets became narrowed by the wide distribution of such products.

Business proceeded in the belief that demand was insatiable, but through installment buying many consumers anticipated demand and at the time of economic crisis found themselves glutted with merchandise.

If business has been ill since it attained its feverish peak in June, 1929, it has gradually been eliminating sore spots. Time itself has been the great healer, causing consumers to use up accumulated supplies and become potential larger buyers again as soon as confidence in the economic future returns.

Radically lower commodity prices are themselves healing factors, tending to check supply and to heighten demand. Cheap interest rates enable the well fortified enterprises to curtail costs in their own operations and to meet the new mandate for economy. The return of old-fashioned straight bonds to favor with investors helps to restore economic balance, and paves the way for a new period of expansion along sound lines.

But these curative economic forces operate slowly and do not prevail until weaker enterprises have fallen by the wayside, and labor has gone through much grief in diminished employment.

DEPRESSION generates a vicious cycle which perpetuates itself through curtailed consumptive demand resulting from reduced payrolls.

But the turn comes at length when discerning business men conclude that prices are so unwarrantably cheap that

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Selecting • • Industrial Investments



DECORATIONS BY ROCKWELL KENT • CUT IN WOOD BY J. J. LANKES

EIGHT years from 1919 to 1927 witnessed an increase in the horsepower used in manufacture of more than 9,500,000 and the annual value of manufactured products in 1927 was more than \$718,000,000 above that for 1919. During the same period, however, there was a decrease in manufacturing establishments of more than 22,000.

During this period of great industrial expansion, many investors reaped an immense and virtually unparalleled profit, while others, less fortunate or less accurately informed, made no profit or suffered an actual loss.

In the year 1927, when the total of manufactured products was more than

\$62,718,000,000, nine of the sixteen "billion dollar" industries showed an actual decrease in production under 1925. Even in the industries showing the greatest loss, however, some companies showed a decided gain, both in production and in profits.

Interpretation of these figures shows the need of constant supervision of industrial investments. For while the gains have continued and will continue, the leaders of one period are not necessarily the leaders of another.

United Founders Corporation has in its consolidated portfolio many industrial securities. Through American Founders Corporation, it has a statistical and economic organization built up over a period of years. Through this organization, United Founders is able to study important investment situations and to maintain supervision over its industrial and other holdings.

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there is less risk in forward buying than in waiting. Frequently individuals are premature in seeking to find bottom in business and in the stock market.

EDGAR BLOOM, president of the Western Electric Company, sought to call the turn recently by announcing that the Bell Telephone Group considered copper cheap, and had bought a supply in anticipation of four months' requirements.

The immediate market response, ironically enough, was a further decline in the price of the red metal. This made the cynics scoff, but economists know that the greatest fortunes have been made by those who did not fantastically seek to buy at the precise bottom or sell at the very top.

INQUIRY by this writer disclosed that numerous other heads of some of the best-managed American public utility, industrial and railroad companies shared the view of the Bell Telephone Group that commodities were cheap, and were forsaking the policy of hand-to-mouth buying for forward purchasing.

For example, the president of one of the largest power and light groups told me:

"I thoroughly agree with the viewpoint of the American Telephone group with regard to current cheapness of commodity prices. But up to now we have taken no definite action, although we expect to in the near future."

Newcomb Carlton, president of Western Union Telegraph Company, revealed:

"We are buying copper to cover our needs for the balance of the year. We follow the policy of extending, reconstructing and repairing our plant when materials are cheap and labor is zealous. Materials are certainly cheap—too cheap in some cases—and I sincerely hope for higher prices in the interest of better business."

Believing that commodity prices would not go much lower, the management of the Chesapeake & Ohio Railway Company recently placed orders for 60,000 tons of rail, which is now being delivered, but which will not be used until 1931.

Patrick E. Crowley, president of the New York Central, replying to my inquiry as to his road's buying policy, said: "Generally, I feel that present prices for materials and supplies used by the railroads are low, considering the cost of production."

"Some commodities are selling at prices lower than for a number of years, and, with improvement in business, which we anticipate, the general trend of prices should gradually work higher.

"We are buying our requirements of materials and supplies currently as needed, and we expect to continue this policy."

THE chief executive officer of one of the outstanding retail merchandising organizations told me: "I believe, personally, that the great majority of commodities are at bottom prices and that any company placing orders on these levels will make money.

"Our company seldom operates on raw material. We buy the finished product from the manufacturer. However, we are encouraging manufacturers with whom we do business to make their commitments for raw materials, where such raw materials are a large element of the cost of goods, such as, for instance, cotton duck and denim."

The president of one of the blue-chip industrial corporations, which is conspicuously well managed, informed me:

"We have been placing some recent orders for large quantities of raw materials in the fields of copper, rubber, cotton cloth, wire, etc. Our policy is to cover for 50 per cent of our estimated requirements for as far as three to six months ahead.

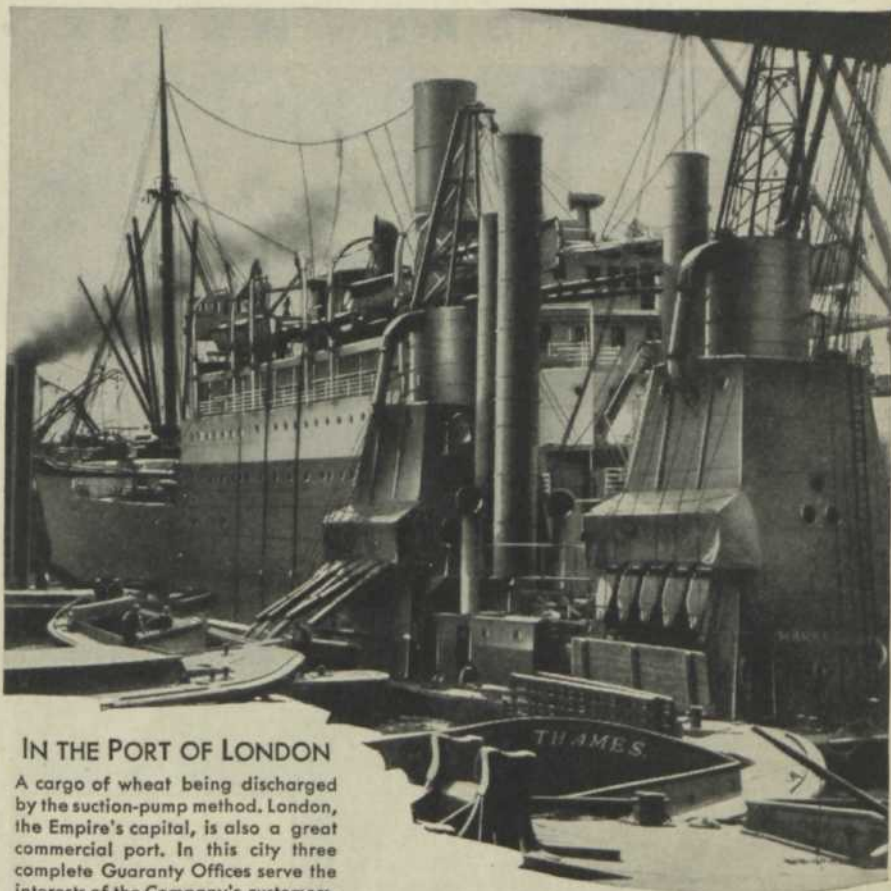
"It is our belief that in some of these markets selling prices are below current costs and that while it is possible for prices to go a fraction lower, the probability is that they will get to a level more consistent with actual cost of production. And by actual cost of production I mean costs as revised since the economy program has been making rapid strides throughout industry.

"On the other hand, I do not look for any boom period in 1931, but just the moderate business efficiently handled, out of which improving profits will develop. I would not be surprised if 1932 showed sales volume equal to 1929."

I HAVE quoted these viewpoints at length, because of the crucial bearing of important forward buying on business recovery. In confidential chats, I find the same able business leaders who were apprehensive about a let-down in 1929 are now alert to the possibility of a favorable change in business trend.

As before the panic, the emotional and the economic illiterates are assuming that existing conditions will be froz-

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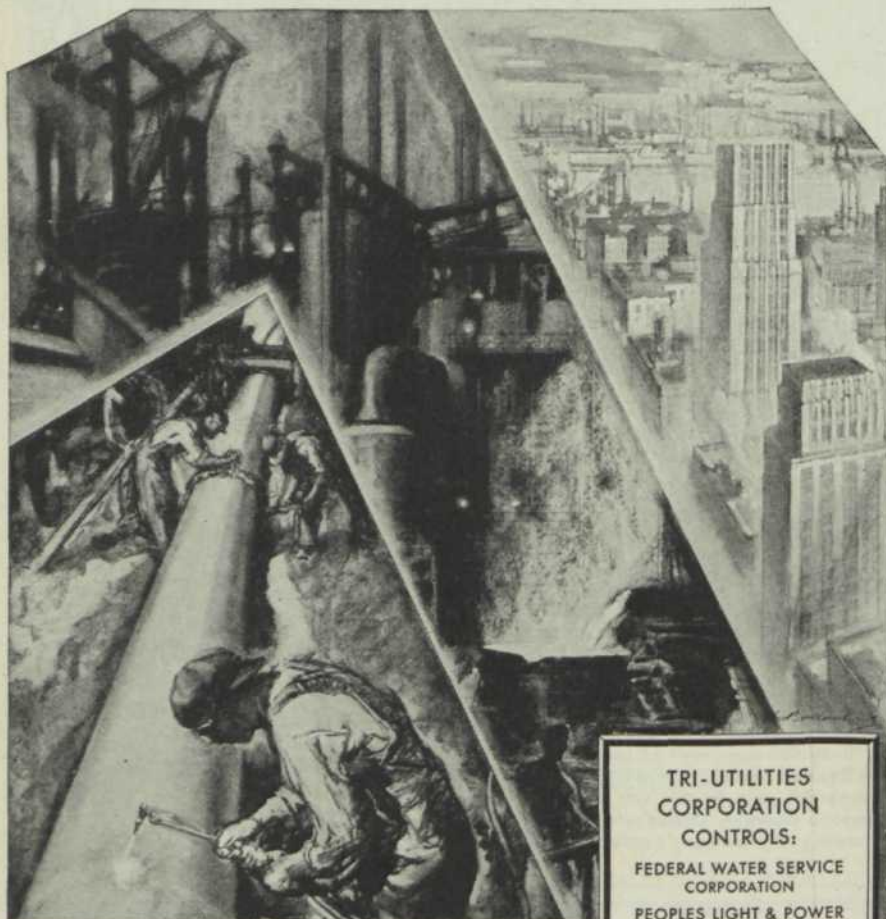
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en into permanent patterns. Business will face a significant test next spring, when a turn for the better may come in those two balance wheels of prosperity and depression—the automobile industry and residential building.

Incidentally, recent statistics have indicated a check in the two-year decline in building.

ONE great public-utility enterprise, with excellent statistical facilities, anticipates normal business by the end of 1931. Another anticipates it by September 1931. Both are inclined to believe that bottom was reached in business last summer and that there will be gradual improvement.

Paraphrasing Dwight W. Morrow's assertion that 1929 was a year for caution and 1930 a year for courage, Ambassador Dawes, in a recent address in Belfast, Ireland, said:

"Nothing is more certain than the coming business recovery. The business fool of 1929 was he who had no fear. The fool now is he who has no hope."

Already there are evidences of beneficial results from the economic purging resulting from painful depression, such as further elimination of waste from processes of manufacture and distribution, a general return to sounder economic thinking and a revival of the older credo of working and saving, instead of reckless speculation.

Asserting that the depression would have beneficial results, the president of one of the outstanding public-utility holding companies said to me:

"I believe the public-utility business is going to benefit ultimately to a great degree from the slackening of industrial activity. When industrial corporations are going ahead at high speed, they cannot stop to revise their operations to take advantage of all the economies that are offered, but when manufacturing has slackened they have this opportunity and I believe most of the industrials are seeking to take advantage of cheap money rates and equip themselves for more efficient operation when activity is resumed."

But in a more civilized age, business will be able to purify itself without going through the ordeal of fire. In the new rationalization of business, chambers of commerce and trade associations, guided by consulting engineers and scientific research workers, will contribute much to business stabilization.

THE Amsterdam Trading Company, of Amsterdam, Holland, goes the farthest

north in hiding assets. It carries office buildings and plantations at a guilder each.

German and Dutch companies generally hide earnings and assets, tucking away hidden reserves in inventories and elsewhere, which are drawn upon in time of depression to stabilize nominal published earnings. To some extent, American corporations, which habitually hide earnings and assets, are drawing on the invisible reserves this year.

♦

WHEN Bernard M. Baruch became chairman of the War Industries Board, the late Thomas Fortune Ryan wrote him and said:

"If you follow your own judgment, you will do well; but, if you listen to the importunings of politicians, you will go astray."

This same advice was recently repeated to Eugene Meyer, Jr., when he became governor of the Federal Reserve Board.

♦

A LEADING elder statesman of finance recently remarked in a private chat:

"There is too much attempt to judge business situation in the light of reelecting a President, and too little realistic attempt to think of it in terms of supply and demand. Palliatives only delay the final readjustment, and impair confidence in leadership. Too much tendency to regard government as Santa Claus to mete out favors; to help farmers from depression through relief, and industrialists through tariff.

"The net result is to distort economic forces, and to make their course seem more obscure."

♦

A PUT-AND-CALL broker, in New Street, emulating Elbert Hubbard, got out a booklet some years ago entitled "What We Know About the Stock Market." The booklet consisted of blank pages.

R. W. Schabacker, financial writer, has published a tome under the title "Stock Market Theory and Practice" which consists of 875 pages, none of which are blank and few of which are dull.

The great merit of this timely compendium of theory and practice in Wall Street is that it counsels humility. Cocksureness in matters of security selection is an evidence of charlatanry. One of the wisest financiers in the Street recently confided to me that he had a paper loss of \$60,000 on 300 German bonds in his

Part of the soundness of any

security depends upon whether the financing method used is the one best suited to the particular circumstances. A. G. Becker & Co. is no more interested in one type of financing than another. It underwrites and distributes bonds, short term notes, commercial paper, preferred and common stocks. This comprehensive nature of its service means much to the borrowing corporation . . . and to the investor.

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portfolio. Sketching the characteristics of the end of a bear market, Mr. Schabacker points out:

"Interest rates have been easy for some time, perhaps a year or more, commodity prices are low, wages are far below their previous highs, public buying of all kinds is at low ebb, corporations are trying to liquidate costly inventories and loans; their earnings are poor, even the strongest companies perhaps showing huge deficits. Dividends are being reduced, failures are on the upgrade, stock prices have dropped for so long that there seems no end.

"Now the market makes the front page because of its decline instead of its advances. Now the tips and rumors are all on the unfavorable side. 'This stock is going to have to cut its dividend or pass it. That stock is still too high and is going to drop another 25 points in the next few weeks. This company is on the verge of a receivership and is going bankrupt; that brokerage house is on the ragged edge and likely to join the numerous previous brokerage failures which have already occurred.'

"Even the Twelfth Village Bank is listed as being in sore difficulties and likely to go under. The company has suffered a death blow. Prosperity may come back some day, but it will be a long, hard pull and there is no telling how much farther down stocks are going before the turn will come.

"What is the result? Just what the insiders are working for. Public confidence is demoralized. The average investor is tied up with his heavy load of stock accumulated in those rosy days, seemingly gone forever, when stocks were selling even farther above their true asset worth than they are now selling below that worth. The professional speculator, the trader, the wise long-swing investor, all have sold their stock, though perhaps at huge losses, long ago.

"From a logical standpoint, how are the professionals, the students, the authorities, the pools, going to accumulate stock to cover their short commitments made in a previous distribution, long ago, and at higher prices? How are they going to accumulate additional stock for the next major bull market, if they cannot discourage the public to sell their basically sound stock at the bottom of the bear market?"

SPEAKING of the present long-term investment value of American common stocks, T. B. Macaulay, president of the Sun Life Assurance Company of Montreal, which is the largest investor in common stocks, in a recent message

to United States representatives of his company, pointed out:

"It is possible to exaggerate the importance of so-called depression and in thinking of the immediate present to fail to realize the real trend of developments. A study of the censuses which have been taken during the past decades would show that there has been a great increase in population, wealth and business that creates prosperity. During every one of these decades there have been depressions.

"Reasoned optimism will give us real confidence and there are already indications that this reasoned optimism is waiting to burst through. The present period is merely a breathing spell and the foundation is being laid for the future."

Mr. Macaulay added that now is the time to buy but not to speculate.

J. M. B. HOSSEY, executive assistant of the Committee on Stock List of the New York Stock Exchange, has made a fine plea for a franker corporate accounting policy which would better serve the outside investor. Addressing the American Institute of Accountants at Colorado Springs, Mr. Hoxsey astutely said:

"When accounts were kept primarily for the information of creditors and of a management-ownership fully familiar with all the details of the business, there may have been some degree of justification for inaccurately large depreciation charges, for charging additional plant to operating expenses, for setting up abnormal reserves for contingencies, for undervaluing inventories and for all the other devices by which profits and net worth may be made to seem smaller than they really are. At least no one was then deceived to his detriment, though even so it is difficult to see the advantage derived by the management-ownership from deliberately fooling themselves.

"Today, however, there is the investor to consider in addition. It is almost, if not quite, as harmful to publish inaccurate accounts leading him to believe that his investment is less valuable and profitable than it actually is, as it is to delude him in the opposite direction. He is entitled to know the facts.

"It is the business of management, not of the accountant, to stand up against pressure to pay too large a proportion of the real earnings in dividends. It is the proper business of neither to evade taxes by reporting less than the true earnings."

Railroads and a Truck Line

By JOHN M. HENRY

IN 1925 one of the directors of the Sioux Falls, S. Dak., Chamber of Commerce, asked William Wilson, local car dealer, also a director, why he didn't start a truck line and do some of this less-than-carload hauling. Try hauling between Brookings and Sioux Falls, was the suggestion; the railroads weren't giving very good service out that way.

That was five years ago. Last year, the Wilson trucking business was the biggest in the United States, conveying 30,000,000 pounds of freight, had 60 per cent of the L. C. L. business, and had so attracted the attention of railroads that two of them quietly bought the stock of the company, and are now expanding it to even more remarkable possibilities, building up—and profiting from—their former dangerous competitor. But Mr. Wilson remains to run the business.

What roads did the buying is not announced, but when the three-story, 140,000 square-foot, half-million-dollar freight depot and storage transfer building of the new Wilson Storage and Transfer Company was opened, with all South Dakota shouting, March 26 of this year, Fred W. Sargent, president of the Northwestern, and Carl Gray, Jr., general manager of the Chicago, Minneapolis, St. Paul and Omaha were visitors. And Mr. Gray is chairman of the new Wilson Transportation Company which, with Mr. Wilson as president, is operating 150 trucks in and out of the storage building, daily, covering 6,000 miles every twenty-four hours, on an exact schedule. While Mr. Sargent, in his speeches in the Dakotas, refers with pride to "our departure in Sioux Falls."

Trucking growth is sound

MR. WILSON gives five reasons why his business has grown so rapidly—reasons which he says will cause similar growth of like concerns in other terminal cities.

1. The operating cost per truck during the last year, including wage for the driver and all overhead, was 16.1 cents a mile, as against the \$1.10 a mile of the freight car. South Dakota's roads are gravel; concrete would cut the

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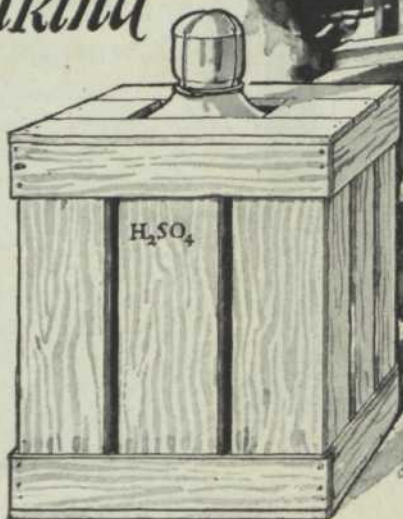
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truck's operating cost.

2. Businesses using trucks instead of freight cars for L. C. L. shipments have increased their trade greatly due to cost and speed advantages in getting goods into and out of the Sioux Falls territory.

3. Damage claims during the past year totalled \$50, and goods stolen or lost in transit amounted to approximately \$150.

4. Trucks deliver freight right to the door, or take it right from the door.

5. The business is free to develop itself. It has no interstate commerce commission rulings to follow.

No competition on long haul

MR. WILSON does not expect that the truck will replace the railroad as a freight-hauling agency. Far from it. In fact, he advises against using trucks for the long haul. But, for the reasons listed and because the railroads themselves have been losing on L. C. L. freight, he thinks the truck will take the place of the freight car in the L. C. L. part of the transportation picture.

After his father died, Mr. Wilson became a railroad telegraph operator. He made considerable money on the side, by getting the telegraph wires of the railroads in the state hooked together at night, learning what parts of the state needed potatoes, buying from the flush sections and shipping to the stricken, all by wire. He paid both buyer and seller commissions, but was prospering until the railroads checked up on the unusual use of their wires.

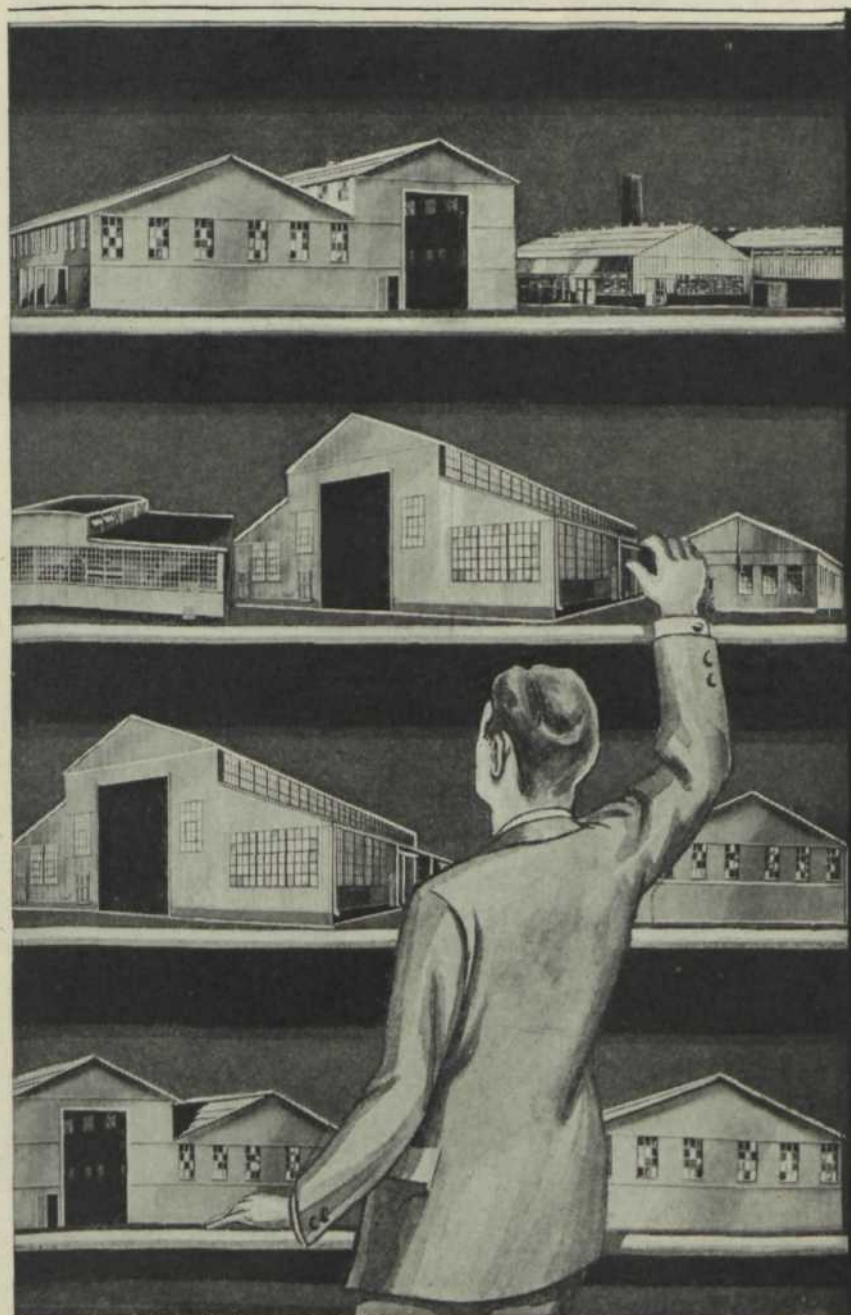
Next—still as a sideline—he started in the automobile business with a blacksmith. He had disposed of eighty cars before the railroad told him to be one or the other—telegrapher or auto dealer—and he quit. But the automobile agency was not prosperous and he tried California for a while. There he regained his spunk, if not making much money, returned to Sioux Falls and tried to get a branch agency for a car in his home town Wolsey. But the manager wouldn't deal with him, thought he couldn't sell cars. Just to show his ability he went into the street and sold a machine, for no commission.

This so impressed the dealer that he sold Mr. Wilson ten automobiles. The cars to stay on the floor until paid for, however. Mr. Wilson caught the next train for Wolsey, sold all the cars before they were delivered to him, and on this deal made enough money to start an agency at Huron. In 1918 he moved into Sioux Falls, still in the automobile business.

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When Prosperity Backfires

(Continued from page 17)

ing man the scientific principles of deep breathing. But if education is impossible once the depression is upon us, isn't it possible before? Is it possible for somebody to tell the business man what to do when he is really asking for advice, and when he can be persuaded to take it if it is practical instead of inspirational? Who should give this advice?

There are many educational media, the press, chambers of commerce, and trade associations. But how well can they get into intimate contact with the individual business man and can they put the proper kind of persuasion behind advice? Who can? The bankers.

In 1926, in an article in NATION'S BUSINESS, on the question whether it was ever going to rain any more, I wrote:

"The bankers might, perhaps, be called upon in the future for more concerted action in this direction. The organization and activities of the Federal Reserve System are a step. But whether there is a definite plan and program or not, the bankers can do much toward enlightening the business public. When bankers give up the idea that economics and finance are esoteric arts and will patiently and persistently convey the rudiments to the laymen the business cycle will tend to flatten out."

Bad business leads to worse

BAD business is the cumulative effect of bad businesses. The most important fact is that in many respects, our business methods are fundamentally unsound—and that is why there are periodic depressions—not because there is a business cycle theory which says that depressions are inevitable and eternal. Depressions are not acts of God.

These unsound business methods are just as wrong when business is all right as when business is all wrong. The principles of hygiene are just as true in health as in sickness.

If, for instance, it is justifiable on the grounds of economy and efficiency to fire a lot of people now, was it really justifiable to have hired them and kept them on the pay roll in the first place? During the past year, American business has been dumping not only fuel to lighten the load, but it has also been dumping the crew. The successful businesses of the next five years will be

those which went long on the brains, experience and loyalty which their competitors threw away in a panic.

But now, we are told by the "sober optimists" who have replaced the official and unofficial "Cheerios," American business is stripped for action. It has done away with the excrescences, we are told, and it is efficient. Will it stay that way?

Can overproduction be stopped?

I CAN'T recall an industry of which I haven't been told that its main trouble is overproduction—excess plant capacity. Has this excess plant capacity miraculously disappeared since last October? What can be done about it? Suppose everybody agreed to cut production—would they cut? The alternative is to eliminate the uneconomic plants, the high-cost and inefficient producers. But how? Shall they be asked to fold up their plants like the Arabs and silently steal away? Shall they be bought up through mergers and consolidations and closed up? Most merged concerns soon set higher sales quotas than quotas of the original companies.

Every industry and every business would profit if each factory would write off a percentage of its equipment, wipe it out of calculations of its capacity, never consider it in going after volume.

How much business would you be satisfied with now? Be satisfied with that for the next three years. Make out a program on that basis—on a profit basis—and try to better it, but not on a volume basis.

What every business needs and what every industry needs is a three-year, a five-year and a ten-year program to be stuck to, come drought or high water. This should provide for only a normal growth, pre-determined with complete knowledge of probable markets and conditions in the industry. How many industries are ready to substitute for ignorance some understanding of their own basic economics? How can each industry hope to participate effectively in the economics of all industry until it knows itself?

Trade associations have studied production, sales, advertising, cost accounting. They have staged great campaigns to increase demand, but how many have consistently studied the whole economics of their industries? Bus-

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ness men can't cooperate because of the law. Is this really true or how far is it true? The American business man, like the American farmer, insists on his sturdy individualism. To him it is the American tradition. He must be free, if necessary, to tie bricks to his neck and jump in the river. He is paying an enormous price for his freedom—in fact he is paying a price which amounts to slavery. He is a slave to dishonest and uneconomic practices, a slave in constant fear of depressions.

What chance would a program for American business or any industry have if it were based on working for a common end, or based on a long-term or broad-visioned aim? How many American business men will give more than lip service to any idea or ideal which they can't see in front of their noses? How many American business men (or those in any other country) will adopt a program to bring back prosperity just because they are told that that program will restore good times?

An easily followed plan

LET us be satisfied, then, with some program which we can see in front of our noses, one which each of us can put into effect in his own business. If business men would do in good times some of the things they do in bad, and *vice versa*, there would be fewer bad times!

1. Gear production closer to demand—learn the method now—and keep it up always.

2. Increase the efficiency of the organization, cut out all unnecessary overhead, keep the best workers, all of them, even if their pay is highest. Keep as large a force as you will need later and save the cost of hiring and training. Cut hours, if necessary, and keep them cut, if necessary.

3. Get rid of all selling frills.

4. Stop bribery.

5. Cut distribution costs and keep them cut.

6. Don't set up impossible and ever increasing quotas.

7. Make a fair profit on every order you get.

8. Eliminate wasteful trade practices.

9. Study your business continuously.

10. Keep your dealers by giving them a square deal.

11. Keep your customers by maintaining quality, and give them more real value for their money than your competitors.

12. Get together with the other fellows in your line and commiserate with each other; weep yourself dry—and then do something about it.



Reproduced from a photograph of Simonds scythe makers—about 1850

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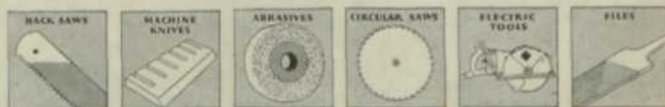
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Are Your Prices Reducing Profits?

(Continued from page 40)

to sell at a loss even as a temporary expedient.

There are two answers to that. One is that shutting down a plant throws additional workers out of employment, thus reducing the total amount of purchasing power. It is doubtful whether a temporary dislocation of markets, with a fair share of employment, is as likely to prolong and accentuate a depression, as is widespread unemployment with a more stable price level. Again, few concerns will lose as much when operating at part or full capacity and selling at a price somewhat below actual cost as when shut down completely and not selling anything at any price.

The best policy is generally agreed to be to set a price for the product which will bring back all of the labor and material cost and at least a part of the overhead expense.

It is to be remembered that overhead expense, which looms large in the cost of most products, is of two kinds—that which varies more or less in proportion to the volume of production and the fixed items which go on practically unaffected whether the plant is operating at full or part capacity or is shut down entirely. If any part of this continuing expense can be recovered at a selling price low enough to bring sales, it usually pays to cut prices as a temporary emergency sales effort. This condition is as true for those in the distribution and service types of business as for manufacturers.

Every business man recognizes the desirability of it—which is an important reason for price declines during business slumps. The great trouble is that many do not know just how much to cut prices. As a result their attempts to get back some part of the fixed overhead expense cost more than they would lose if they closed down tight.

Let us see how a proper cost system—which, incidentally, I am not going to bore you by describing—helps a manufacturer adjust his prices to keep losses at a minimum during bad times.

A certain product costs, let us say, when the plant is operating at full capacity of 300,000 units a month, a total of three dollars made up of one dollar for direct labor, one dollar for material and one dollar for overhead.

To simplify the example we are not

considering selling expense except to assume that it remains constant under all conditions. No matter how it might fluctuate, its effect could be taken into account easily. Here we are considering manufacturing cost only.

Of the overhead expense, 50 cents is controllable, that is, it varies about in proportion to any considerable fluctuation in production. It is made up of such items as supplies, power and wages of most so-called nonproductive labor and the like.

Fixed charges will go on

THE uncontrollable expense includes fixed charges and such items as the salaries of key executives who are, for the good of the business, retained even though the plant be completely shut down for a time.

Now let us assume that the controllable expense varies exactly with production; therefore it remains at 50 cents a unit regardless of whether the plant is at full capacity or on part time. Thus, when the factory is running at full capacity of 300,000 units a month this controllable expense is \$150,000.

Business begins to get bad and it becomes apparent that the product can no longer be sold at the regular price of \$4, but it seems likely that if prices are shaded some orders can be retained. How much can the price be cut advantageously?

Obviously, unless the raw material has declined in price or wages are on the down grade, the very bottom price would be \$2.50 at which figure the labor, material and controllable overhead would be secured but there would be no contribution toward the fixed charges. To sell the full capacity of the plant at that figure would yield exactly the same result as to shut the plant down. There would be a loss of \$150,000 a month either way.

If material costs or wages have declined those factors will be taken into account and a somewhat lower price can then be made. The cost system will, of course, reflect those conditions accurately. I shall, for simplicity, assume that labor and material costs have not come down.

Now let us assume that the management chooses to operate on a basis of facts rather than guesswork. It, therefore, makes a thorough study of mar-

THE FAITH OF STOCKHOLDERS IS A FICKLE THING •

IN THE stilted oratory of annual meetings, a company's stockholders have often been eulogized as the "backbone of the business." In the cold light of fact, a great many corporation heads are concerned over the indifference of stockholders more than the aggression of competitors. The "backbone" needs stiffening. • Wise executives today regard the building up of confidence among stockholders as a primary duty. They know that an investor fortified by a belief in the men and methods of a corporation, and armed with first-hand knowledge, is not going to be stampeded by rumors. • That is why, with each dividend check, shareholders in certain companies receive a personal letter from the president. It may be a frank outline of the condition of the business, or it may open up new plans and vistas of profit. In any case it welds a closer relation between ownership and management. • Its effect is multiplied because it is a *real* letter—typewritten on the president's own letterhead—signed with the president's own name. In its physical make-up there is no hint of shabbiness or apology. It has the crisp, distinguished look and feel that only a fine, all-rag paper can give. • Because Coupon Bond is made, 100%, from clean, new rags, and because national advertising and national distribution have made it the most famous high-quality bond in America, it is the paper most often chosen by large corporations for letters sent from their executive offices. • Our portfolio, "The Modern Trend in Letterheads," and a new booklet, "The Executive Letter," will be sent you on request. (In writing for them please use your business stationery.) • *Coupon Bond is but one paper in the Eagle-A Line of Bonds, Ledgers, Writings, Index Bristols, Off-sets, Covers, Book Papers, Mimeograph and Manifold Papers—the right paper for every business purpose.*

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kets, which indicates that if the selling price is \$3.50 it can sell 50,000 units a month. If the price is set at \$3.25 it appears possible to sell 100,000; and at \$3 (the exact cost at full capacity operation), the plant would be able to operate at two-thirds of capacity or at the rate of 200,000 units a month.

At the selling price of \$3.50 at which price 50,000 units can be sold it is evident that the cost of labor, material and the controllable expense of \$2.50 will be received back together with a contribution of \$1 per unit or a total of \$50,000 a month toward the fixed controllable expense. The monthly loss, therefore, will be \$100,000.

Similar calculations show a loss of \$75,000 a month at the \$3.25 price and of only \$50,000 a month at the lowest price of \$3.

If the cost figures have been properly gathered the calculated profit figures can be relied upon implicitly provided the correctness of the market analysis is beyond question. While market analyses can be made with considerable accuracy, it is usually the part of wisdom to check them by actual tests of the effect of various price levels. Usually that is done on a scale down, although that is not always advisable.

In many instances it is much better to make the full reduction at once, relying upon the fact that most industrial and retailer buyers are excellent judges of values and costs and recognize real bargains when they see them. If the expected expansion in sales follows the big first cut, it may be desirable to raise the price gradually, noting the effect.

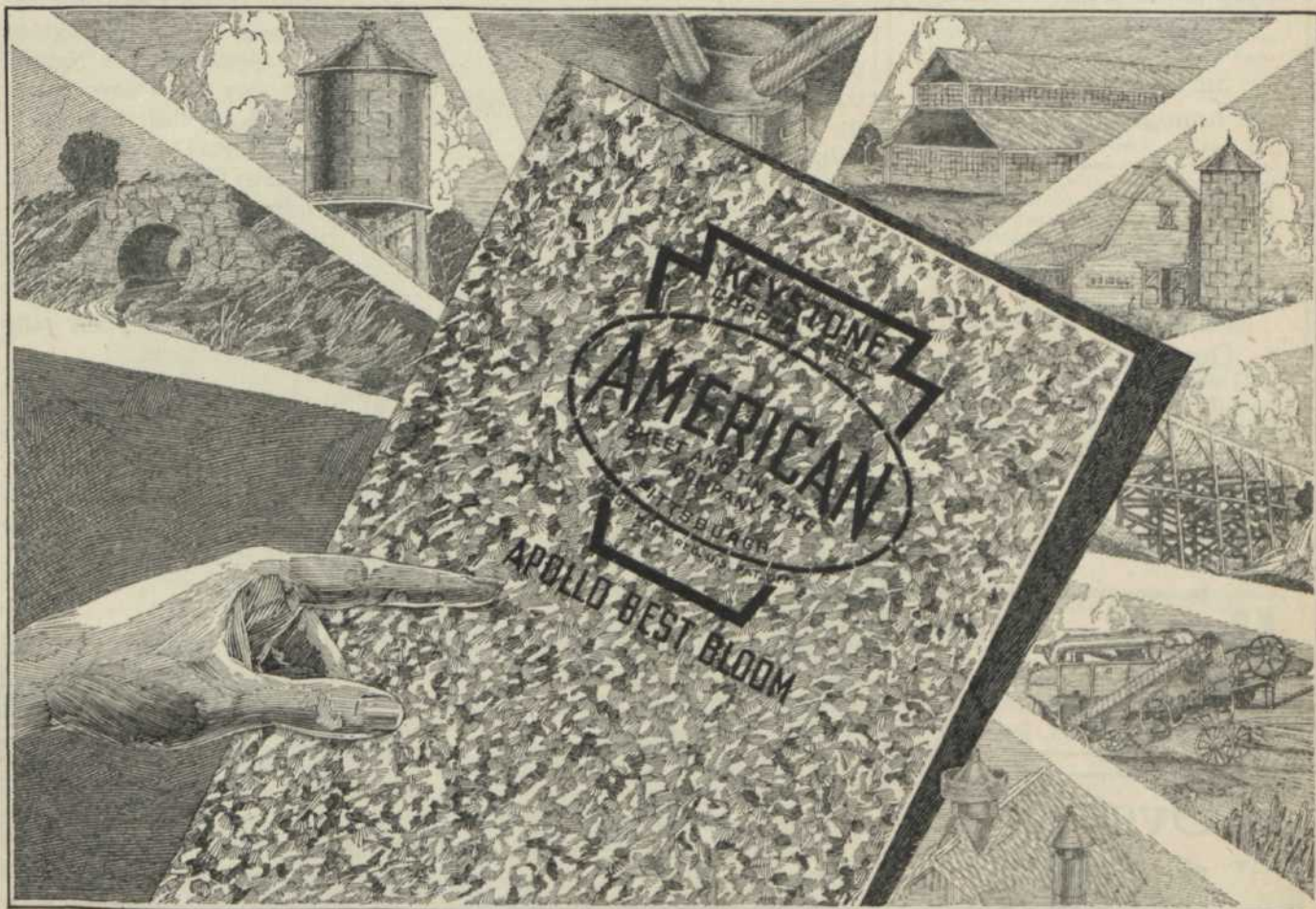
Whatever the policy decided upon, whether temporary or permanent, no price should ever be set save on the basis of known fluctuations in cost as determined by volume of sales. Only in this way can one be sure of making the maximum profits year in and year out.

Economic Contest

SPONSORED to obtain a clear, forceful, and interesting statement of the benefits or injuries that may result from government interference with the free play of economic forces, the Alvan T. Simonds Ninth Annual Economic Contest closes December 31, 1930.

The first prize will be \$1,000; the second will be \$500. The contest is open to everyone. Essays are not limited as to length. All communications should be addressed to the Economic Contest Editor, Simonds Saw and Steel Company, 470 Main Street, Fitchburg, Mass.

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A Beast That Nurtures Citizens

(Continued from page 34)

cast about to fill their places with another influx of common labor. This time he wanted men who would stay in the pits. The Irish could now handle the bossing jobs, as they were also doing on the railroads.

Information came from Europe that another nationality more destitute than the Irish were clamoring to come to America. They were the Sicilians, desperate from political disruption. They were swarthy, strong, apparently unintelligent, ideally fitted because of their short stature for the lifting, heavy labor in the mills.

Within a year the same bunk houses which had temporarily housed the Irish laborer were swarming with chattering, dark Sicilians.

Meals of coarse meat and vegetables reeking with garlic were served from a common wooden bowl at the center of a crude table. Men reached in the "stew" with their hands, eating like animals. In each bunk slept two men, one at night and another during the day. They knew no different!

At last the Carnegie Steel Company had solved the ever-growing, serious problem of common labor.

In less than eight years not a handful of Sicilians remained in the mills. Given their first opportunity in generations,

they began to think of something beyond immediate necessity. The Sicilian leaders became foremen. Given their first capital, thousands scattered throughout the district to open fruit stores. Natural entrepreneurs, they found ways to save their backs and use their heads in a hundred lines of retail business.

Their children finished the public schools. Their grandchildren are today found on the rosters of every public high school in Pittsburgh. No music recital at the Carnegie Music Hall is given but the audience is partly composed of their descendants.

Undreamed-of opportunities

THEY not only stepped forward several generations in less than a decade in their standards of living but they found a life of opportunity beyond the possibilities of all their ancestors since the beginning of time.

This grim monster of iron and steel took them in, ground them heartlessly to disgorge them almost immediately as American citizens!

By what circumstance was this metamorphosis made possible?

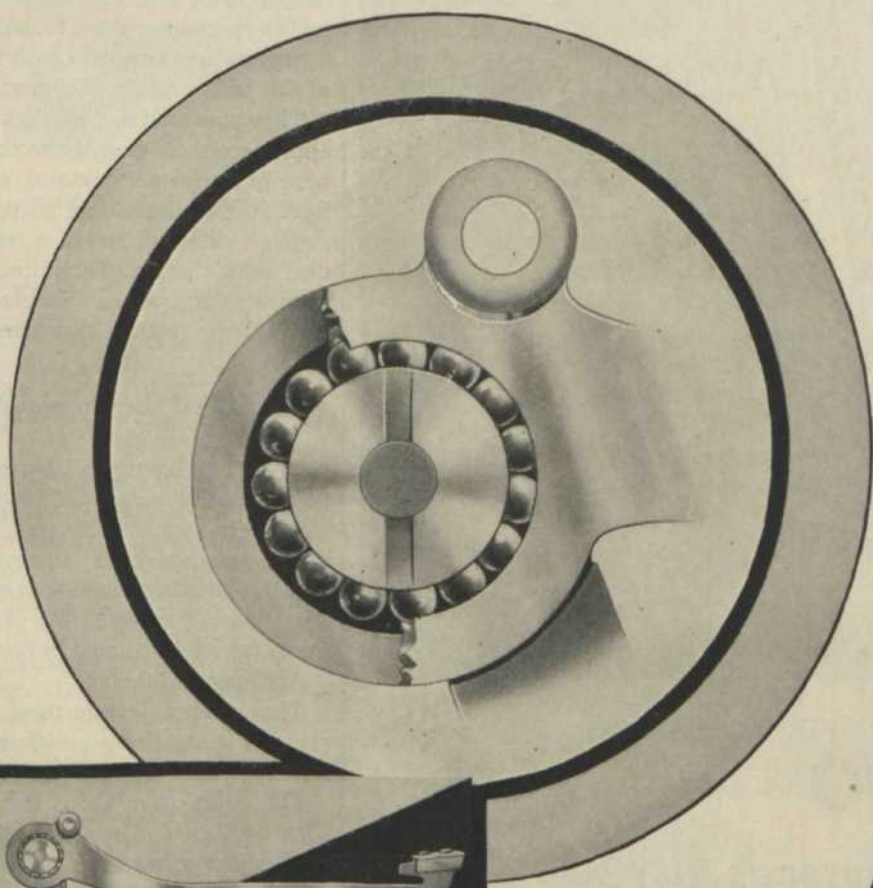
By materialism, if you will! By the steel mills!

With the beginning of the Balkan War, the United States Steel Corpora-

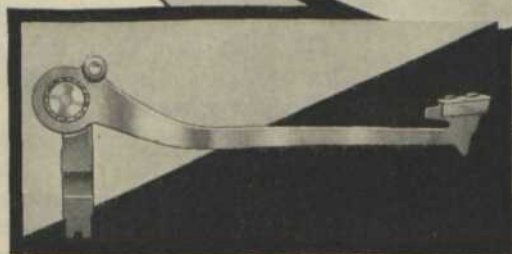


Meals were served in an ordinary wooden bowl into which men reached their hands, eating like animals

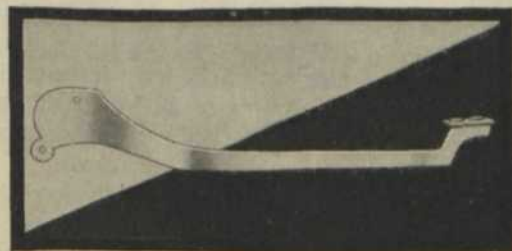
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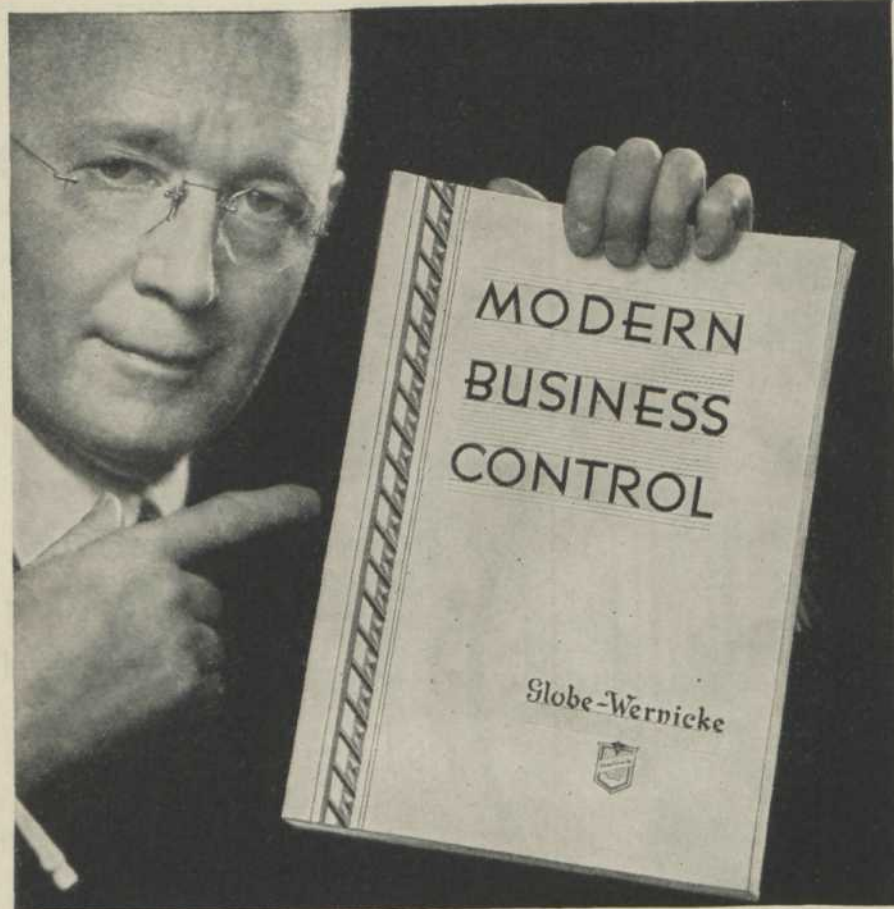
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tion found another source of supply—men who had borne the yoke of servitude so long that their mental dullness and lethargy bespoke a spirit which had long since given up in despair.

When they lumbered slowly into the bunk houses, we called them "hunkies," and the name remained to designate the thousands of Slavs who took the places of the Irish and the Sicilians.

They appeared so dull, that one could almost see their mental processes. They were quarrelsome, immoral, and dissolute. It was impossible to teach these people sanitation, and as a result many died with disease. Their first children were anemic, sallow, weak and vilely dirty. They resisted assimilation.

Supplied the sinews of war

AT LAST the common-labor problem of the steel mills was solved, as the "hunkies" were excellent laborers. However, mill superintendents increased their tonnage, and these Slavs took us through the World War when the greatest demand for steel obtained in history.

Are they still there?

They are not—except those who have risen in the mills to positions as foremen and assistant superintendents:

The mills gave them their chance. They awakened. They saved their money. They, too, began to aspire.

Today many of them are councilmen in towns along the river. They are running garages, filling stations. Some of their children are in universities.

Are they still living in the bunk houses at the mill? No. More than 5,000 delightful cottages with gardens, rose trellises, carpets, radios, and automobiles parked in front have swelled the tax receipts of 20 Monongahela cities. Some of the children of those first Slavs are teaching in the schools.

This is the biggest dividend the Steel Corporation has ever paid!

The little girl of the market-place who dreamed, years ago, of a pair of brown stockings and leather shoes, like millions of her sisters and brothers, has been mothered by the kindness of this inanimate brute. She finds herself, in the shadows of its materialism, possessed of a culture unknown today by those she (and her European contemporaries) left behind in Europe.

Today these same bunk houses hold the last of the steel immigrants—southern negroes and Mexicans! They are excellent common laborers who may stay! They offer the next challenge to the uplifting forces of steel!

THROUGH THE



EDITOR'S SPECS

TO THE EDITOR OF NATION'S BUSINESS:

I have received nearly a score of letters about the Guild of Former Pipe Organ Pumpers, around which I wrote "Opportunity in a Pump Handle," in the September NATION'S BUSINESS. The story seems to have aroused memories in a good many well-to-do business men. N. B. Dalton, vice president of the Liberty Mutual Insurance Company, Boston, writes:

"Memories of the period of about 25 years ago when I officiated in the organ loft of the Congregational Church in Woodfords, Me., prompts me to inquire where I can get information about this most interesting organization."

Another reader, J. C. Gray, personnel supervisor of the Houde Engineering Corporation, Buffalo, tells me:

"During 1904-05, my Friday night and twice-Sunday watchfulness had to be focused upon the bellows indicator on the organ of the First Baptist Church, Niagara Falls, N. Y. . . . After quite a long siege of this—I've forgotten just how long—I had the grand and glorious feeling of being admitted to the choir as tenor. Perhaps this last factor leaves me out. I surely got a kick out of that promotion, anyway."

"I pursued this menial task for eight years when I was a boy," writes a third, Albert G. Craig, Denver attorney. "I am very much interested in affiliating with this organization on account of sentiment in connection with those days long since gone by. Will you do me the courtesy of writing me who is the acting president or secretary that I may get in touch with him?"

EDWIN C. HILL

Staff Writer

The New York Sun
New York City

♦ Against Concentration

TO THE EDITOR OF NATION'S BUSINESS:

I agree entirely with the views expressed in "The Correspondent Bank and Progress," in the September issue. The country generally has been misled by the fetish of profit by manipulation rather than by operation, and in our viewpoint a misunderstanding exists as to the real function of banks. We believe them to be service organizations which may not, in the natural and proper order of things, profit excessively since all profit made by them must be a tax on the business interests which make their existence possible.

I believe that these discussions are valu-

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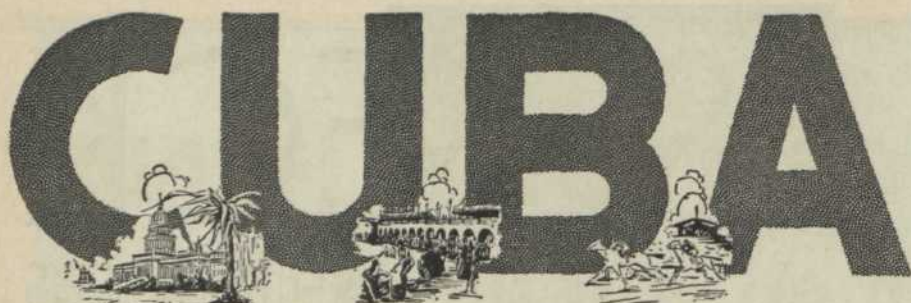


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The trip offers business executives an unequalled opportunity to see Cuba and survey its industrial possibilities. In addition, the party will enjoy the pleasures of a 2400-mile sea voyage in the warm Gulf Stream, aboard a famous trans-Atlantic liner . . . plus the gay activities of the New Year's Season in Havana. An official reception at the Presidential Palace will be one of the many delightful events of the trip.

\$185 Includes All Expenses

The cost of the Cuba Good Will Tour is \$185, including minimum-rate steamer accommodations, motor transportation for an extensive sight-seeing program in Cuba, rooms with bath in leading Havana hotels, and all meals. In addition, motor transportation will be furnished from hotels and admission provided to the Jai-Alai Fronton, Jaimanita Country Club, Oriental Park Race Track and the Casino.

New Year's Eve in Havana

Sailing Saturday, December 27th, the party will enjoy Sunday and Monday at sea, arriving in Havana on Tuesday. Five busy days and nights in Cuba follow, with interesting sight-seeing programs alternated by fascinating free hours for golf, bathing, shopping and independent excursions to the sights and places of greatest individual interest.

New Year's Eve is kept free for independent action. Complete information regarding reservations for the numerous parties given in Havana that evening will be furnished to all who register for the Good Will Tour. Returning, the party will sail from Havana on Saturday, January 3, for New York.

Travel Guild Service to Members

The Travel Guild, Inc., originators of House Party Tours to Europe and House Party Tours to the Wonderland of the West in America, are co-operating with the Good Will Committee and the Cuban National Tourist Commission in managing the tour. Courteous service and flawless handling of travel and sightseeing arrangements are thus assured.

Send for Free Booklet

The Good Will Committee has published a pamphlet outlining the purposes of the Tour and describing the interesting program. Copies will be sent on request. Early reservations are advised to secure a choice of cabins on shipboard. Ship accommodations limit the party to 500.

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able and that the business public should become interested in understanding the real points involved. The inevitable conclusion of the branch and chain system—if carried to its logical end—is the concentration of the credit power of the country into comparatively few hands, which I cannot believe will be either beneficial or acceptable to the business men of America.

C. K. MCINTOSH

President

The Bank of California
San Francisco, Calif.

♦ Unit Banks Can Succeed

TO THE EDITOR OF NATION'S BUSINESS:

I have read the article, "The Correspondent Bank and Progress" (in the September number) and am fully in accord with the arguments presented. It is my opinion that the business men, and the public in general, should and will determine the sort of banking structure that will prevail in this country. Just now the unit bank is having its trials, but if the banks will take the matter into their own hands there is no doubt in my mind that unit banking can be made as safe as any other system.

Our Association has recommended the organization of regional clearing-house associations, with mutual supervisory functions fashioned after the city clearing-house associations, but with some of the features that are used as arguments in favor of the so-called group banking system. This is being developed now and an intensive campaign for such organizations will be launched before very long.

M. A. GRAETTINGER

Executive Vice President

Illinois Bankers Association
Chicago, Ill.

♦ Salespeople's Wages

TO THE EDITOR OF NATION'S BUSINESS:

Mr. Filene's article in the September NATION'S BUSINESS, "\$25 a Week for Retail Salespeople," is interesting, but I fail to see where he has suggested a satisfactory method for bringing about such a result.

What are wages? Wages are that part of production reserved or set apart or advanced as the worker's share for his labor. Wages must come from earnings and profits, and from nowhere else if business is to go forward. This being true, wages depend on production and distribution; in other words, markets. Increasing wages arbitrarily would not bring prosperity.

Mr. Filene has much to say about scientific management. This applies nicely to manufacturing or machinery, but the proposition of the merchant is entirely different. In a department store you cannot make people come in at certain times and stand in line and wait for one clerk to help them. If people would wait their turn, like we do in barber shops, probably we would not need more than half as many salespeople. The latter could earn more money and the store would probably make more profits, but it would be death to a business to undertake that with American women shoppers.

It is true that by scientific training and drilling in initiative, courtesy, and such matters, the department store builds the best possible force of salespeople. To that point the training would be somewhat along

the lines of that adopted by the best management in factories. But the problem with the department store is with the customer, the American woman shopper who expects prompt and courteous attention.

Why make this minimum wage of \$25 for salespeople only? There are usually as many miscellaneous helpers as there are salespeople, such as floormen, bookkeepers, stockkeepers, buyers, delivery men and others. They are entitled to as much wages as salespeople.

Another difficulty would be salespeople in different classes of merchandise. A salesperson in the notions and small-ware departments cannot sell as much as one in the men's clothing or women's ready-to-wear. They may work as hard, and, of course, work as many hours. How would that proposition be handled?

Waiting on retail customers is a personal matter, or hand work. You can't wait on women customers in a department store with machinery. Retailers also compete in expenses as well as in merchandise. I am highly pleased that Mr. Filene has taken up a discussion of this question. It may be something good can be worked out of it.

LAWRENCE M. JONES
Chairman of the Board

The Jones Store Company
Kansas City, Mo.

♦ From Switzerland

TO THE EDITOR OF NATION'S BUSINESS:

Unfortunately, the economic situation in the east part of Switzerland in general, and in our district in particular, has become very bad. Therefore our expenditures concerning newspapers and other publications have to be reduced. We are obliged to renounce new periodicals, which till now we read with great interest. So it is also concerning NATION'S BUSINESS.

To this circumstance it is to be added that especially the textile industry of the east part of Switzerland has been seriously touched by the elevation of duties in the United States. The exportation from Switzerland to America has already grown less. Our tradesmen are obliged to look out for other markets. We could not be answerable for new expenditures in maintaining the subscription of NATION'S BUSINESS.

DR. C. EDER
Secretary

Thurgau Chamber of Commerce
Weinfelden, Thurgau
Switzerland

♦ Another Echo from Iowa

TO THE EDITOR OF NATION'S BUSINESS:

I have just found time to read the article in the August NATION'S BUSINESS entitled "Tall Corn Has Unsung Rivals in Iowa," written by John M. Henry.

This is a very good article and the only thing I see wrong with it is that you did not give Waterloo sufficient publicity. Waterloo has a population of 46,000 people and I believe that the John Deere Tractor Company is the largest manufacturing institution in the state of Iowa. We were not mentioned.

J. L. CRAMER
Purchasing Agent

John Deere Tractor Company
Waterloo, Iowa

A CENTURY HENCE men will be saying . . .



"These Hauserman Partitions have served us well for a hundred years . . . yet they're still as good as new!" . . .

A CENTURY HENCE, today's installations of Hauserman Movable Steel Partitions will still be serviceable and attractive. For these ultra-modern partitions are permanent assets.

No matter how often they're moved . . . or how old they may actually be, Hauserman Partitions provide business settings as new, as practical, as modern and attractive as next year's car.

As long as a building stands, they permit layout changes as often as needed . . . without waste . . . without being re-made to fit . . . without the necessity of refinishing.

THE E. F. HAUSERMAN COMPANY

A nation-wide Organization of Partition Specialists

6906 GRANT AVENUE ♦ ♦ CLEVELAND, OHIO

Factory Directed Planning and Erection Service from these Convenient
Factory Branches:

Newark	Philadelphia	Buffalo	Boston
Kansas City, Mo.	Chicago	Pittsburgh	Detroit
Cincinnati	St. Louis	New York	Cleveland
	Washington, D. C.		



"Office Planning Studies"

is a valuable collection of Architects' drawings suggesting efficient layouts and attractive office arrangements.



Hauserman Partitions for executive offices, general offices, and industrial plants are permanently modern, permanently attractive. They are easily and quickly rearranged to meet every changing condition.

HAUSERMAN MOVABLE STEEL PARTITIONS

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THIS is one of a series of editorials written by leading advertising men on the general subject of advertising

Advertising— the Pathfinder of New Markets

THE rapid growth of industry, with its constant changes in manufacturing methods, its price fluctuations, and with one material superseding another, has made the problem of sales promotion extremely complex. This is especially true in the case of materials of unlimited application and with a wide variety of markets.

To initiate new uses, to seek new customers, means the broadcasting of sales messages to thousands of prospects. Direct contact by salesmen is often impossible and the cost prohibitive. In searching for new markets advertising provides the logical avenue of approach.

Advertising makes it possible to direct sales messages with specific and timely appeal. Thousands of prospects, located over a wide area, can be kept informed of the latest developments in an industry. Interest can be aroused and inquiries obtained through advertising at a fraction of the cost of a direct call.

The way is paved for the salesman's visit. And if the advertising job has been well planned, a great deal of the usual inertia of a sales solicitation can be eliminated.

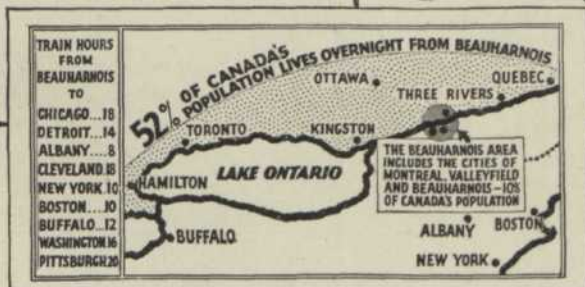
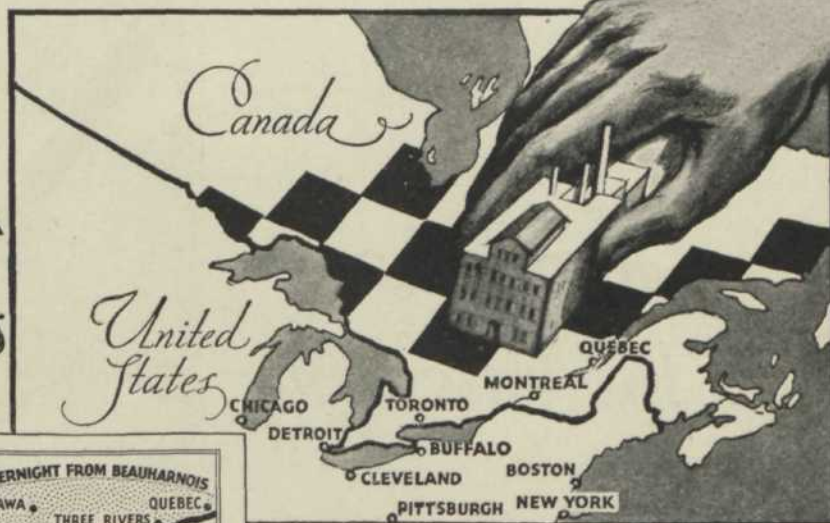
In every industry new men are coming up through the ranks and changes in authority are constantly taking place. It is through advertising that these potential captains of commerce can be kept informed, thus laying the groundwork for the markets of tomorrow.

Incidentally, a little progressive missionary work of this kind at the present time would go a long way in helping business out of the doldrums.

ALLAN BROWN
Advertising Mgr. and Asst. Treas.
Bakelite Corporation

Your next move

CANADA AND THE BEAUHARNOIS AREA



Lower cost raw materials, labor and power, a rich domestic market, Empire preferential tariffs, trade agreements, an awakening national spirit demanding Empire goods . . . these all beckon American manufacturers to Canada.

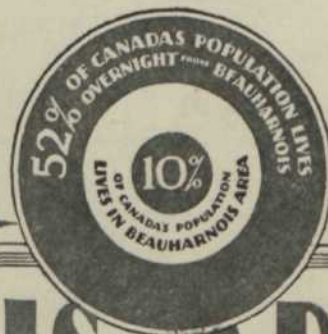
The Beauharnois Area is your move in the trek northward to capture the Canadian market (as great as that of the state of New York) or to invade imperial and foreign markets.

Canada offers you both an overseas and a rich domestic market with a high purchasing power. Through United States magazines your products are already favourably known in the Dominion.

In the Beauharnois Area these attractions are heightened by its proximity to Montreal, the wealth and population centre of the Dominion, by direct water transportation to overseas or Great Lakes ports, by the sanest labor situation in America and by a buyers' market for electrical power.

Harnessing the St. Lawrence at Beauharnois there is being erected a low cost 500,000 horsepower plant. The site has an ultimate capacity of 2,000,000 horsepower, thus assuring the manufacturer of cheap power immediately — and for future requirements.

Obtain the data on the industrial possibilities of Canada and the Beauharnois Area as they affect your particular industry by writing to the Promotion Department of the Beauharnois Power Corporation, University Tower, Montreal, or have your secretary write today for a booklet on the area.



BEAUHARNOIS AREA

The man who forgot his basement

A GROWING FAMILY and financial ability prompted him to build a home. Hours were spent studying plans and building materials in leading home building magazines. The house must be absolutely weather-proof. That meant proper insulation, weather-stripping, water-tight roof and walls. He remembered everything that would keep out water, wind, heat, cold and snow—above grade—but he forgot the basement.

After he moved in, trouble started. Ground water seeped through basement walls. The entire basement was soon damp, dismal and unsanitary.

Had he remembered the basement, he would have insisted on a solid concrete foundation and floor of Medusa Gray Portland Cement—Water-



proofed—or concrete block, brick or tile with a Medusa Waterproofed Cement plaster coat. This would have assured a dry basement, for Medusa Gray Portland Cement with Medusa Waterproofing "ground in" during manufacture has a 20 year record of proved success in making dry basements.

Some day you will build a new home. Remember to make the basement waterproof with Medusa Gray Portland Cement—Waterproofed. Let us send you detailed information on how to make new and old basements permanently dry, light and airy.

MEDUSA PORTLAND CEMENT COMPANY
1002 ENGINEERS BUILDING CLEVELAND, OHIO

MEDUSA WATERPROOFED CEMENTS



Manufacturer of Medusa Gray Portland Cement (Plain and Waterproofed); Medusa White Portland Cement (Plain and Waterproofed); Medusa Waterproofing (Powder or Paste); Medusa Portland Cement Paint and Medusa-Mix, The Masonry Cement